

**WSOS Community Action
Commission, Inc.**

Fremont, Ohio

Financial Statements and Supplementary
Information

Year Ended September 30, 2017

WSOS Community Action Commission, Inc.

Financial Statements and Supplementary Information

Year Ended September 30, 2017

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Independent Auditor's Report

Board of Directors
WSOS Community Action Commission, Inc.
Fremont, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of WSOS Community Action Commission, Inc., which comprise the statement of financial position as of September 30, 2017, and the related statements of activities 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WSOS Community Action Commission, Inc. as of September 30, 2017, 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.

Other Matters

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, state, and local 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. 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 May 29, 2018, on our consideration of WSOS Community Action Commission, Inc.'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 WSOS Community Action Commission, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WSOS Community Action Commission, Inc.'s internal control over financial reporting and compliance.



Wipfli LLP

May 29, 2018
Madison, Wisconsin

WSOS Community Action Commission, Inc.

Statement of Financial Position

September 30, 2017

Assets	
Current assets:	
Cash and cash equivalents	\$ 2,106,087
Investments	897,780
Accounts receivable, net	470,941
Grants receivable	3,961,114
Revolving loans receivable - Current, net	57,810
Loans receivable - Current, net	35,029
Prepaid expenses	311,151
Advance deposit	282,517
Other assets	98,143
Total current assets	8,220,572
Property and equipment, net	2,701,277
Long-term assets:	
Revolving loans receivable - Long-term, net	228,019
Loans receivable - Long-term, net	229,749
Loans receivable - Related parties, net	5,190,560
Total long-term assets	5,648,328
TOTAL ASSETS	\$ 16,570,177

WSOS Community Action Commission, Inc.

Statement of Financial Position (Continued)

September 30, 2017

<i>Liabilities and Net Assets</i>	
Current liabilities:	
Note payable - Current portion	\$ 53,817
Loans payable - Current portion	25,877
Accounts payable	1,831,380
Accrued payroll and related expenses	646,298
Accrued vacation	601,342
Grant funds received in advance	430,526
Other liabilities	293,866
Total current liabilities	3,883,106
Long-term liabilities:	
Note payable	124,918
Loans payable	368,326
Loans payable - Related parties	5,190,560
Total long-term liabilities	5,683,804
Total liabilities	9,566,910
Net assets:	
Unrestricted	4,068,277
Unrestricted - Self insurance	1,874,692
Unrestricted - Board designated	206,830
Total unrestricted net assets	6,149,799
Temporarily restricted	853,468
Total net assets	7,003,267
TOTAL LIABILITIES AND NET ASSETS	\$ 16,570,177

See accompanying notes to financial statements.

WSOS Community Action Commission, Inc.

Statement of Activities

Year Ended September 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenue:			
Grant revenue:			
Federal	25,967,601	\$ 0	\$ 25,967,601
Other	2,492,824	0	2,492,824
Total grant revenue	28,460,425	0	28,460,425
Investment income	45,863	0	45,863
Interest income	274,490	11,862	286,352
Program income	3,350,779	830	3,351,609
Donations	101,202	7,301	108,503
Rental income	83,742	0	83,742
Miscellaneous revenue	249,699	874	250,573
In-kind contributions	473,168	0	473,168
Net assets released from restriction through satisfaction of program restrictions	(4,001)	4,001	0
Total revenue	33,035,367	24,868	33,060,235
Program activities			
Child development	13,066,529	0	13,066,529
Adult and youth development	5,664,467	0	5,664,467
Community development	5,349,947	0	5,349,947
Housing and energy	2,699,579	0	2,699,579
Seniors	2,397,946	0	2,397,946
Corporate programs	280,841	0	280,841
Housing and workforce development	700,011	0	700,011
Total program activities	30,159,320	0	30,159,320
Management and general	2,023,737	0	2,023,737
Fund-raising	58,156	0	58,156
Total expenses	32,241,213	0	32,241,213
Change in net assets	794,154	24,868	819,022
Net assets - Beginning of year	5,355,645	828,600	6,184,245
Net assets - End of year	\$ 6,149,799	\$ 853,468	\$ 7,003,267

See accompanying notes to financial statements.

WSOS Community Action Commission, Inc.

Statement of Cash Flows Year Ended September 30, 2017

Increase (decrease) in cash and cash equivalents:

Cash flows from operating activities:

Change in net assets	\$ 819,022
<hr/>	
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	383,452
Gain on disposal of property and equipment	(45,155)
Provision for loan loss - Revolving loans	8,180
Provision for loan loss - Related parties	133,557
Accounts receivable written off	(7,786)
Recovery of bad debt	(1,065)
Interest earned on loans receivable - Related parties	(225,874)
Interest accrued on loans payable - Related parties	92,317
Unrealized and realized gain on investments	(37,591)
Changes in operating assets and liabilities:	
Grants receivable	(706,025)
Accounts receivable	18,257
Prepaid expenses	60,425
Advance deposit	(19,734)
Other assets	7,910
Accounts payable	820,410
Accrued payroll and related expenses	22,880
Accrued vacation	26,196
Grant funds received in advance	99,107
Other liabilities	(8,682)
<hr/> Net cash provided by operating activities	<hr/> 1,439,802

See accompanying notes to financial statements.

WSOS Community Action Commission, Inc.

Statement of Cash Flows (Continued)

Year Ended September 30, 2017

Cash flows from investing activities:	
Capital expenditures	(445,980)
Proceeds from sales and maturities of investments	114,822
Purchase of investments	(126,390)
Issuance of revolving loans	(23,382)
Issuance of loans receivable - related parties	(85,854)
Principal payments received on revolving loans	85,587
Principal payments received on loans receivable	40,662
Proceeds from sale of property and equipment	45,155
Net cash used in investing activities	(395,380)
Cash flows from financing activities:	
Proceeds from notes payable	\$ 10,390
Principal payments on notes payable	(104,871)
Principal payments on loans payable	(15,886)
Proceeds from loans payable - related parties	85,854
Net cash used in financing activities	(24,513)
Change in cash and cash equivalents	1,019,909
Cash and cash equivalents - Beginning of year	1,086,178
Cash and cash equivalents - End of year	\$ 2,106,087
Supplemental cash flow information:	
Interest paid	\$ 6,202

WSOS Community Action Commission, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

WSOS Community Action Commission, Inc. (WSOS) was organized as a nonprofit corporation in 1965 to provide financial and other assistance to other communities, community organizations, voluntary associations, and other entities that undertake similar activities for the benefit of residents. These services are provided by cooperating with and assisting governmental and private agencies in initiating, coordinating, planning, and developing programs for the alleviation of conditions of poverty and to expand economic opportunities. WSOS operates over 160 different programs including Head Start, Housing and Weatherization Program, the Rural Community Assistance Program and the Sandusky County Senior Services program.

Child Development operates the Head Start program, which is a comprehensive child development program which serves over 100 children ages Birth-5 and their families. It is a child-focused program designed to increase the social competence of young children in low-income families. The program supports the child's social, emotional, cognitive, and physical development in a developmentally appropriate play-based environment. The overarching goal is to prepare children for kindergarten and offer family members with opportunities and support to help them develop to their fullest potential. Child Development also operates after school and summer programming to over 50 middle school and high school students. The after school program students receive homework assistance, meals, enrichment programming, tutoring and other activities in a safe environment.

The Transportation Resources for Independent Persons in Sandusky County (TRIPS) program, administered by WSOS, provides curb to curb transportation services for residents of Sandusky County. Low fare rides must be scheduled at least 24 hours in advance for employment, medical, shopping, etc. Transportation services are provided to low income persons, senior citizens, individuals with disabilities as well as the general public.

The Housing and Energy programming primarily operates the Home Weatherization Assistance Program (HWAP), a federally funded energy conservation program intended to assist income-eligible residents in making their homes more energy efficient. Services include home insulation, furnace repair or replacement, and other minor health and safety improvements, all at no cost to the homeowner. The program is available to both homeowners and renters. Weatherization employees apply energy conservation measures utilizing state-of-the-art tools, materials, and equipment.

Community Development, serving rural Ohio communities for 38 years, provides free and low-cost services to help rural communities address their planning, infrastructure and economic development needs. Each year, WSOS' RCAP program serves over 200 communities in Ohio, Illinois, Michigan and Wisconsin, and an additional 100 communities in Indiana, Kentucky and West Virginia through sub-recipients. Field agents assist with project development and provide training for capacity building. The Great Lakes RCAP network receives funding from a number of federal programs as well as Ohio EPA and the Ohio Water Development Authority to provide technical assistance to communities with populations under 10,000. International programs funded by the Department of State focus on civil society and leadership development, primarily in central and Eastern Europe.

The Sandusky County Senior Services Program is designed to serve seniors ages 60 and over, and their spouses, regardless of age. WSOS operates three senior centers and provides Meals on Wheels to homebound senior citizens. The Senior program is funded by the Area Office on Aging of Northwestern Ohio with additional support from Sandusky County levy funds and the United Way of Sandusky County.

WSOS Community Action Commission, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Nature of Operations (Continued)

Adult and Youth Services provide youth summer programming, homelessness prevention service, energy assistance and fatherhood services throughout our service area. TANF youth and summer programs are provided to assist out-of-school youth prepare for employment and attain educational goals. Homelessness services include HUD Permanent Supportive Housing and Domestic Violence housing options for those in need. Supportive Services are also provided to veterans in need of housing and support. Additional employment and training services are provided to those unemployed. HEAP services provide emergency heating and summer cooling assistance.

In addition, WSOS has several wholly owned and majority-owned subsidiaries that are corporations. The purpose of these subsidiaries is to assist low- to moderate-income individuals with affordable housing. These subsidiaries are general partners in low-income housing partnerships described in Note 18. WSOS has a 75% ownership interest in the following subsidiaries:

- Leewood Place Housing Corporation - an Ohio corporation
- Laurelhurst Housing Corporation - an Ohio corporation
- Laurel Greene Housing Corporation - an Ohio corporation
- Tremont Greene Place Housing Corporation - an Ohio corporation
- Lake Towne Housing Corporation - an Ohio corporation
- Port Clinton Pointe Housing Corporation - an Ohio corporation
- Nickel Plate Plaza Housing Corporation - an Ohio corporation

WSOS has a 100% ownership interest in the following subsidiaries:

- Harbor Towne Senior Residence Housing Corporation - an Ohio corporation
- Commons at Little Bark Creek Housing Corporation - an Ohio corporation

Approximately 45% WSOS's federal grant funding is received under WSOS's federal Head Start program. WSOS's federal identification number is 34-0975934.

Basis of Presentation

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

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

WSOS Community Action Commission, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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 WSOS and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of the contribution.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of WSOS 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 WSOS. Generally, the donors of these assets permit WSOS to use all or part of the income earned on any related investments for general or specific purposes. Currently, WSOS does not have any permanently restricted net assets.

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to WSOS 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 released from restrictions.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

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

Rental income represents income received from various sources for use of property or space owned by WSOS. This income is recognized in the period in which it is earned.

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 are incurred. Amounts received in excess of expenses are reflected as grant funds received in advance.

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.

WSOS Community Action Commission, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Cash Equivalents

For purposes of financial statement presentation, WSOS includes money market investments and certificates of deposit with an original maturity of three months or less as cash equivalents.

Accounts Receivable

Accounts receivable represent amounts due from various entities for 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. If an amount becomes delinquent after all collection efforts have failed, the account is written off. For the year ended September 31, 2017, WSOS has recorded an allowance of \$20,530 related to accounts receivable.

Investments

Marketable securities are carried at fair value. The fair value of the investments is generally determined by references to quoted market prices. Investments consist of fixed income mutual funds and equity mutual funds. Investment income, gains and losses, and any investment-related expenses are recorded as changes in unrestricted net assets in the statement of activities unless their use is temporarily or permanently restricted by explicit donor stipulations or law.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Some assets and liabilities are measured at fair value on a recurring basis under accounting principles generally accepted in the United States. Other assets and liabilities, such as impaired investments, are measured at fair value on a nonrecurring basis. At September 30, 2017, WSOS does not have any liabilities that are measured at fair value on a recurring basis, nor are there assets or liabilities measured on a nonrecurring basis.

Revolving Loans Receivable

WSOS operates several loan funds that provide assistance to business owners or low-income homeowners in Ohio and Michigan. The assistance provided is in the form of low- or no-interest deferred payment or installment loans and the loans are secured by property owned by the home or business owners. The assistance provided is recorded as a loan receivable with a corresponding increase in temporarily restricted net assets. Any loans subsequently repaid will reduce the loan receivable and provide funds for loans or other assistance to other eligible participants.

WSOS Community Action Commission, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revolving Loans Receivable (Continued)

Management has the intent and ability to hold all loans for the foreseeable future or until maturity or pay-off generally and has reported the loans at their outstanding unpaid principal balances adjusted for charge-offs and the allowance for expected loan losses. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs are recognized as income or expense when received or incurred since capitalization of these fees or costs would not have a significant impact on the consolidated financial statements.

At such time when a loan is determined to be past due, the interest-bearing loans are placed on non-accrual status. The determination of past due loans for purposes of placing on non-accrual status is made on a case-by-case basis after a review by the Chief Financial Officer. All interest accrued but not collected for loans that are placed on non-accrual or charged off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Loan Losses

The allowance for loan losses is a valuation allowance for probable incurred credit losses based on an evaluation of the outstanding loans. Loans losses are charged against the allowance when management believes the collectability of the principal is unlikely. Subsequent recoveries, if any, are credited to the allowance.

Management regularly evaluates the allowance for loan losses taking into consideration such factors as historical loss experience, changes in the nature and volume of the loan portfolio, overall portfolio quality, and review of specific problem loans, and current economic conditions that may affect the borrower's ability to pay.

A loan is considered impaired when, based on current information and events, it is probable that WSOS will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis for housing and business loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent.

WSOS Community Action Commission, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Loans Receivable/Loans Payable

WSOS operates loan programs funded by various funding sources that provide capital to local governments, public and private nonprofits, regional water and sewer districts, homeowner associations, start-up businesses and housing development. The loan receivable represents the unpaid principal balance. The loans are to be repaid with interest over a time period determined by the funding source. A corresponding liability has also been recorded as funds are ultimately repayable to the various funding sources. Any funds repaid must be used in accordance with the original grant agreement. WSOS has established an allowance for those loans which are six months or more in arrears or if the business owner has filed bankruptcy. Loans are written off once bankruptcy proceedings are complete.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful life of the asset. WSOS capitalizes equipment purchased with a cost greater than \$5,000 and a useful life of more than one year. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. If there are no donor restrictions regarding how long a donated asset must be maintained, WSOS reports expirations of donor restrictions when the donated assets are placed in service.

Property and equipment purchased with grant funds are owned by WSOS while used in the program for which they were 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. Its disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. The net book value of equipment purchased with grant funds was \$660,458 at September 30, 2017.

Income Taxes

WSOS is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from Ohio franchise and income tax.

WSOS is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. WSOS has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

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 programs that cannot be readily identified with a final cost objective.

WSOS Community Action Commission, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

In-Kind Contributions

In-kind contributions for space, supplies, and professional services are recorded in the statement of activities as revenue and expenses in the period they are received in accordance with a financial accounting standard. This standard requires that only contributions of services received that create or enhance a non-financial asset or require specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. The requirements of this standard are different than the in-kind requirements of several of WSOS' grant awards. During the year ended September 30, 2017, WSOS received \$473,168 of such contributions, primarily for its Aging, Nutrition and Head Start and Senior Nutrition programs. In addition, WSOS received contributions of nonprofessional volunteer services during the year with an approximate value of \$1,697,660 primarily for its Aging, Nutrition, and Head Start programs. The nonprofessional volunteer services are not reported in the statement of activities.

Note 2: Concentration of Credit Risk

WSOS maintains cash balances in various financial institutions. Balances in the accounts are insured by Federal Deposit Insurance Corporation (FDIC) coverage up to \$250,000. The excess balances are secured through a \$7,000,000 Pledged Collateral Agreement with KeyBank. KeyBank agrees to secure active and interim deposits by depositing with SafeKeeping Trustees, Federal Reserve Bank of Boston and / or New York, New York, eligible securities in the amount and in a manner required by the Ohio Uniform Depository Act and the provisions of the Ohio Revised Code (ORC Chapter 135.181). Investments are uninsured (see Note 4).

Note 3: Grants Receivable

This balance consists of amounts due from various agencies as follows:

Federal programs	\$ 3,839,574
State and local programs	121,540
<hr/>	
Total grants receivable	<u>\$ 3,961,114</u>

WSOS Community Action Commission, Inc.

Notes to Financial Statements

Note 4: Investments

Investments consist of mutual funds. The fair value of these securities as of September 30, 2017, are as follows:

	Fair Value
Fixed income mutual funds	\$ 482,203
Equity mutual funds	415,577
Totals	\$ 897,780

Investment income as of September 30, 2017, consists of the following:

Interest and dividend income - Investments	\$ 16,559
Unrealized and realized gain on investments	37,591
Investment fees	(8,287)
Net investment income	\$ 45,863

Note 5: Property and Equipment

A summary of property and equipment is as follows:

Land	\$ 215,479
Buildings and improvements	4,376,480
Furniture, fixtures, and equipment	2,783,157
Computers	155,934
Total	7,531,050
Accumulated depreciation	(4,829,773)
Property and equipment, net	\$ 2,701,277

WSOS Community Action Commission, Inc.

Notes to Financial Statements

Note 6: Fair Value Measurements

Following is a description of the valuation methodology used for each asset measured at fair value on a recurring basis:

- Fixed income mutual funds are valued at quoted market prices.
- Equity mutual funds are valued at quoted market prices.

Information regarding the assets measured at fair value on a recurring basis as of September 30, 2017, is as follows:

	Assets Measured at Fair Value	Recurring Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed income mutual funds	\$ 482,203	\$ 482,203	\$ 0	\$ 0
Equity mutual funds	415,577	415,577	0	0
Total	\$ 897,780	\$ 897,780	\$ 0	\$ 0

Note 7: Revolving Loans Receivable

WSOS operates several programs that provide assistance to low-income business owners and participants. The assistance is provided in the form of various low- or no-interest deferred or installment loans, which are secured by various property owned by the recipients. Loan funds repaid are available to loan to other eligible participants.

Household Well Water receivable represent loans to low- to moderate-income owner occupied home owners in Ohio, Michigan and Wisconsin. The purpose of the loan fund is to assist low-income homeowners in meeting their drinking water needs through the drilling of new wells or rehabilitation of existing ones. This will allow homeowners to keep their homes habitable and safe. Individual loans are limited to \$11,000 and are to be repaid over 20 years at a 1% fixed interest rate.

Community Loan Funds (Safe Water loans) receivable represent loans to local governments, public and private nonprofits, regional water and sewer districts, and homeowner associations for predevelopment costs, gap financing, small equipment replacement, and minor system upgrades. The program is funded by the USDA. The loans are determined on a case-by-case basis with interest rates that vary from 3% to 6%. The repayment terms are set at five years. All loans are secured either with future assessments made by the community or district or by real estate. Loan funds repaid are loaned to other eligible communities or businesses.

RHED loans receivable represents loans made in Meigs County to new and existing private for profit businesses located within the county. Loans are to be repaid over an individually established period varying from 36 to 84 months with a 1% interest rate. The loan maximum is \$30,000 and one full time job needs to be created or retained for every \$30,000 borrowed. Loans can be used for working capital, machinery and equipment, or inventory.

WSOS Community Action Commission, Inc.

Notes to Financial Statements

Note 7: Revolving Loans Receivable (Continued)

Day care loans receivable represent loans to private day care centers throughout a ten-county area in northwest Ohio. Loans are to be repaid within five years with a fixed simple interest rate of 2/3 of prime at the time of the Board's approval. The loans can be used for, but are not limited to, working capital, creating jobs, inventory, equipment, etc.

Microloans and business loans receivable represent loans to small businesses operated by or employing low- to moderate-income individuals in northwest Ohio. The loans are to be repaid within three years at a fixed simple interest rate set at the time of the Board's approval. Interest rates will vary between 7.75% and 10.5%. The loans can be used for, but are not limited to, working capital, creating jobs, inventory, equipment, etc.

Revolving loans receivable balances consist of the following:

Household Wellwater	\$	138,978
Community loan fund (Safe Water) loans		138,577
RHED Loans		81,785
Daycare Loans		17,945
Microloans		15,056
Business Loans		10,000
		<u>402,341</u>
Less: Allowance for revolving loans receivable		<u>116,512</u>
Total revolving loans receivable	\$	<u>285,829</u>
Revolving loans receivable - Current	\$	57,810
Revolving loans receivable - Long-term		228,019
Total revolving loans receivable	\$	<u>285,829</u>
Revolving loan classifications at September 30, 2017 consist of the following:		
Jobs and business development	\$	263,764
Economic development		138,577
Subtotals		<u>402,341</u>
Allowance for loan losses - Job and business development	(73,458)
Allowance for loan losses - Economic development	(43,054)
Loans receivable, net	\$	<u>285,829</u>

WSOS Community Action Commission, Inc.

Notes to Financial Statements

Note 7: Revolving Loans Receivable (Continued)

An analysis of the allowance for loan losses for the job and business development loans for the year ended September 30, 2017, is as follows:

Balance at beginning of year	\$	66,343
Loans charged off		43,054
Recoveries of loans previously charged off	(1,065)
Provision for loan loss		8,180
Balance at September 30, 2017		\$ 116,512

Detailed analysis of loans evaluated for impairment as of September 30, 2017, is as follows:

	Jobs and Bus. Devel.	Economic Development	Totals
Loans:			
Individually evaluated for impairment	\$ 151,578	\$ 138,577	\$ 290,155
Collectively evaluated for impairment	112,186	0	112,186
Totals	\$ 263,764	\$ 138,577	\$ 402,341

	Jobs and Bus. Devel.	Economic Development	Totals
Related Allowance for Loan Losses:			
Individually evaluated for impairment	\$ 13,628	\$ 43,054	\$ 56,682
Collectively evaluated for impairment	59,830	0	59,830
Totals	\$ 73,458	\$ 43,054	\$ 116,512

Detailed information regarding impaired loans as of September 30, 2017, is as follows:

	Recorded Investment	Principal Balance	Related Allowance	Average Investment	Interest Recognized
Loans with an allowance for loan losses:					
Jobs and business development	\$ 56,682	\$ 56,682	\$ 56,682	\$ 18,894	\$ -
Total loans with an allowance for loan losses	\$ 56,682	\$ 56,682	\$ 56,682	\$ 18,894	\$ -

There were no impaired loans without a related allowance for loan loss as of September 30, 2017.

WSOS regularly evaluates attributes of loans to determine the appropriateness of the allowance for loan losses. Jobs and business development and residential housing loans are generally evaluated based on whether or not the loan is performing according to the contractual terms of the loan.

WSOS Community Action Commission, Inc.

Notes to Financial Statements

Note 7: Revolving Loans Receivable (Continued)

Information regarding the credit quality indicators most closely monitored by class of loan as of September 30, 2017, is as follows:

	Performing	Nonperforming	Totals
Jobs/business development and economic development credit exposure:			
Jobs and business development	\$ 190,306	\$ 73,458	\$ 263,764
Economic development	95,523	43,054	138,577
Totals	\$ 285,829	\$ 116,512	\$ 402,341

As of September 30, 2017, WSOS has placed all non-performing loans on non-accrual status.

When, for economic or legal reasons related to the borrower's financial difficulties, WSOS grants a concession to the borrower that WSOS would not otherwise consider, the modified loan is classified as a troubled debt restructuring. Loan modifications may consist of forgiveness of interest and/or principal, a reduction of the interest rate, interest-only payments for a period of time, and/or extending amortization terms.

The following represents information regarding modifications of loans that are classified as troubled debt restructurings during the year ended September 30, 2017.

	Number of Contracts	Pre- Modification Investment	Post- Modification Investment
Household Wellwater - Assigned	0	\$ 0	\$ 0
Community loan fund loans	1	43,054	43,054
RHED Loans	0	0	0
Daycare Loans	0	0	0
Microloans	2	13,628	13,628
Business Loans	0	0	0
Household Wellwater	0	0	0
Totals	3	\$ 56,682	\$ 56,682

No troubled debt restructurings defaulted during the year ended September 30, 2017, within 12 months of their modification date.

WSOS Community Action Commission, Inc.

Notes to Financial Statements

Note 8: Loans Receivable/Loans Payable

WSOS operates various loan programs. The Safe Water loan program provides capital to local governments, public and private nonprofits, regional water and sewer districts, and homeowner associations for predevelopment costs, gap financing, small equipment replacement, and minor system upgrades. The program is funded by a loan from the USDA. The loans are determined on a case-by-case basis with interest rates that vary from 3% to 6%. The repayment terms are set at five years.

In addition, WSOS provided four loans totaling \$154,467 to four homebuyers to provide down-payment assistance. These loans were received under the Housing Development Assistance Program through the Ohio Housing Finance Agency. These loans are interest free and will be forgiven over a 15-year period provided the homebuyer retains the property as their principal residence throughout the affordability period.

Loans receivable consist of the following:

Safe Water loan program	\$ 140,311
Down-payment assistance loan program	154,467
Subtotal	294,778
Less: Allowance for uncollectable amounts	30,000

<u>Total loans receivable, net</u>	<u>\$ 264,778</u>
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Loans receivable - Current	\$ 35,029
Loans receivable - Long-term	229,749

<u>Total loans receivable, net</u>	<u>\$ 264,778</u>
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The funding used to provide financing for the loans receivable above consists of the following loans payable:

Loan payable to the USDA with interest at 1%. Annual payments of \$18,441, including interest, due August 2030.	\$ 239,736
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Mortgages payable to Ohio Housing Finance Agency at 0% interest with the principal balance forgiven in equal installments over fifteen years. The loan will become immediately due upon the sale of the underlying properties by the homeowners.

WSOS has a loan receivable from the homeowners for the same amount as the

<u>mortgage payable.</u>	<u>154,467</u>
Total	394,203
Current portion	(25,877)

<u>Long-term loans payable</u>	<u>\$ 368,326</u>
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WSOS Community Action Commission, Inc.

Notes to Financial Statements

Note 8: Loans Receivable/Loans Payable (Continued)

Future principal payments due on loans payable at September 30, 2017, are as follows:

2018	\$	25,877
2019		26,037
2020		26,199
2021		26,362
2022		26,528
Thereafter		263,200
Total		\$ 394,203

Note 9: Loans Receivable – Related Parties

Loans receivable – related parties represent loans provided to the housing entities described on Note 18. These loans were received under the Housing Development Assistance Program through the Ohio Housing Finance Agency with interest receivable at 6%. Repayments from the respective LLC's are due on April 30 each year based on 50% of the respective LLC's cash flows greater than \$10,000. In accordance with the grant award, the LLC agrees to retain ownership of the property throughout the affordability period. In the event that the LLC defaults on any of the contract agreements or sells the property, the loan will be immediately due and payable.

Loans receivable – related parties at September 30, 2017:

Housing Entity	Amount	Accrued Interest	Allowance for uncollectible Amounts	Loans Receivable Net	Due Date
Leewood Place, LLC	\$ 600,000	\$ 773,901	\$ 580,906	\$ 792,995	06/2048
Laurelhurst, LLC	600,000	744,991	557,667	787,324	11/2048
Laurel Greene, LLC	550,000	628,448	467,624	710,824	08/2049
Tremont Greene, LLC	550,000	617,007	458,529	708,478	08/2049
Lake Towne, LLC	550,000	323,755	206,410	667,345	12/2039
Port Clinton Pointe, LLC	549,000	108,562	0	657,562	12/2054
Bellevue Housing, LP	500,000	5,980	0	505,980	10/2059
Commons at Little Bark	350,000	10,052	0	360,052	10/2055
Totals	<u>\$4,249,000</u>	<u>\$3,212,696</u>	<u>\$2,271,136</u>	<u>\$5,190,560</u>	

An analysis for the allowance for uncollectible amounts for the years ended September 30, 2017, is as follows:

Balance at beginning of year	\$ 2,137,579
Provision for loan loss	133,557
Balance at September 30, 2017	\$ 2,271,136

WSOS Community Action Commission, Inc.

Notes to Financial Statements

Note 10: Loans Payable – Related Parties

Loans payable – related parties represent loans provided to WSOS from the Ohio Housing Finance Agency that were subsequently loaned out the related parties described in Note 18. In accordance with the terms of the loans, each respective related party has agreed to retain ownership of the property throughout the affordability period. The in event of default on any of the respective contracts or sale of the property, the loan is immediately due and payable. The outstanding amounts are charged interest at 2% with payments based on 50% of cash flow of the respective related party (prior to owner distribution, owner or investor debt but subsequent to all first and second mortgage debt or debt provided by the federal government). WSOS owns a secondary position related to amounts owed from the respective related parties. The loans are collateralized by buildings. All outstanding balances are due on the due date or are forgivable provided certain requirements have been met.

Loans payable – related parties at September 30, 2017:

Housing Entity	Amount	Accrued Interest	Loans Payable Net	Affordability End Date
Leewood Place, LLC	\$ 600,000	\$ 773,901	\$ 792,995	06/2048
Laurelhurst, LLC	600,000	744,991	787,324	11/2048
Laurel Greene, LLC	550,000	628,448	710,824	08/2049
Tremont Greene, LLC	550,000	617,007	708,478	08/2049
Lake Towne, LLC	550,000	323,755	666,345	12/2039
Port Clinton Pointe, LLC	549,000	108,562	658,562	12/2054
Bellevue Housing, LP	500,000	5,980	505,980	10/2059
Commons at Little Bark	<u>350,000</u>	<u>10,052</u>	<u>360,052</u>	10/2055
	<u>\$4,249,000</u>	<u>\$3,212,696</u>	<u>\$5,190,560</u>	

Note 11: Notes Payable

Mortgage payable to an unrelated third party with interest fixed at 4.0% for a ten year term. Monthly payments are \$1,519, including interest, due December, 2025. The mortgage is collateralized by real estate.

\$ 127,879

Mortgage payable to Old Fort Bank with interest at the three year Treasury rate plus 2.46% (4.0% at September 30, 2017). Monthly payments of \$7,974, including interest, due March 2020. The mortgage is collateralized by real estate. A condition of the loan is that WSOS maintain average bank balances of 25% of the outstanding balance of the loan.

\$ 40,466

Mortgage payable to the United States Department of Agriculture with interest rate fixed at 2.375% for a 30 year term. The loan is approved for \$4.0 million, with \$10,390 drawn to date. Semi-annual payments of \$95,840, including interest, due December, 2046. The mortgage is collateralized by real estate.

10,390

Total notes payable	\$ 178,735
Current portion	(53,817)
<u>Long-term notes payable</u>	<u>\$ 124,918</u>

WSOS Community Action Commission, Inc.

Notes to Financial Statements

Note 11: Notes Payable (Continued)

Future principal payments due on the notes payable outstanding at September 30, 2017, are as follows:

2018	\$	53,817
2019		13,896
2020		14,462
2021		15,051
2022		15,665
Thereafter		65,844
<hr/>		
Total note payable	\$	178,735

Note 12: Line of Credit

On August 31, 2017, WSOS renewed a \$750,000 line of credit with KeyBank, secured by its various receivables, with an interest rate at Prime (currently 4.50%) and monthly payments of any accrued interest. The line will mature on September 1, 2018. The outstanding balance was \$0 at September 30, 2017.

Note 13: Temporarily Restricted Net Assets

Temporarily restricted net assets are to be used to alleviate conditions of poverty and consist of the following programs:

Intermediary relending program	\$	393,503
State, conditional, foundation, and local programs		459,965
<hr/>		
Total	\$	853,468

Note 14: Self-Insurance Plan

WSOS maintains a self-insurance benefit agreement with Medical Mutual of Ohio for its eligible employees and their eligible dependents. The agreement includes a stop loss provision to reduce the risk of excessive claims in any one period.

At the beginning of each annual agreement, an advance deposit equal to one month's estimated claims is required from WSOS. On September 30, 2017, the required amount of the advance deposit was \$282,517 and this amount was fully funded by WSOS. The advance deposit is maintained by Medical Mutual of Ohio until after the termination effective date, as defined within the agreement.

WSOS maintains a self-insurance fund to pay actual claims. The minimum recommended balance for this fund is 30% of projected annual claims. For the current agreement, claims are projected to total \$2.676 million and the minimum recommended reserve is \$802,949. On September 30, 2017, the self-insurance reserve balance was \$1,874,692 or 233% of the minimum recommended, which is included in unrestricted net assets.

WSOS Community Action Commission, Inc.

Notes to Financial Statements

Note 14: Self-Insurance Plan (Continued)

A liability is also maintained to fund the cost of “run out” claims. “Run out” claims are charges incurred under the plan prior to September 30, 2017, but paid subsequent to September 30, 2017. On September 30, 2017, WSOS has recorded a liability of \$276,923. This liability balance is included in other current liabilities on the statement of financial position. In addition, WSOS has a \$110,000 per individual stop loss contract to minimize risk.

Note 15: Retirement Plan

WSOS maintains a Tax Sheltered Annuity Retirement Plan for its employees. All employees are eligible to contribute to the plan through payroll deductions. Additionally, WSOS makes contributions to individual accounts for employees who have met applicable service requirements. The employer contributes an amount equal to 3% of base salary and, additionally, matches employee contributions of up to 4% of base salary. Contributions to the plan for the fiscal year ended September 30, 2017, were \$602,497.

Note 16: Operating Leases

WSOS leases various facilities and equipment for operation of its programs. Rent expense for the year ended September 30, 2017, was \$495,608. Future minimum lease payments on leases having terms beyond September 30, 2017, are as follows:

2018	\$	370,065
2019		239,540
2020		142,764
2021		24,720
<u>Total</u>		<u>\$ 777,088</u>

Note 17: Lessor Activity

WSOS owns two buildings that are partially rented to unrelated third parties. The lease payment terms vary depending upon square footage occupied. Rental income for the year ended September 30, 2017, was \$66,710. Future minimum lease payments to be received from leases having terms beyond September 30, 2017, are as follows:

2018	\$	38,861
2019		3,600
2020		3,600
2021		3,600
2022		3,600
<u>Total</u>		<u>\$ 52,661</u>

WSOS Community Action Commission, Inc.

Notes to Financial Statements

Note 17: Lessor Activity (Continued)

A summary of the acquisition costs and accumulated depreciation on the property is as follows:

Land	\$	20,530
Buildings		1,735,994
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Total		1,756,524
Accumulated depreciation	(1,053,858)
<hr/>		
Land and buildings, net	\$	702,666
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Note 18: Related Parties

As described in Note 1, WSOS has formed majority owned subsidiaries for the purpose of assisting low-to moderate-income families and seniors with housing. These subsidiaries have invested in limited liability corporations (LLC) and limited partnerships (LP) to accomplish these objectives. The ownership percentages in the LLC's and LP's are as follows:

- Leewood Place Housing Corporation has a .10% ownership in Leewood Place, LLC
- Laurelhurst Housing Corporation has a .051% ownership in Laurelhurst, LLC
- Laurel Green Housing Corporation has a .051% ownership in Laurel Greene, LLC
- Tremont Greene Housing Corporation has a .051% ownership in Tremont Greene, LLC
- Lake Town Housing Corporation has a .051% ownership in Lake Towne, LLC
- Port Clinton Point Housing Corporation has a .051% ownership in Port Clinton Point, LLC
- Nickel Plate Plaza Housing Corporation has a .051% ownership in Bellevue Housing, LP
- Harbor Town Senior Residence Housing Corporation has a .051% ownership in Harbor Town Senior Residence, LLC
- Commons at Little Bark Creek Housing Corporation has a .0051% ownership in Commons at Little Bark Creek, LP

The equity investments in the LLC's and LP's noted above along with the financial activity of the housing corporations noted above are immaterial; therefore, no activity has been recorded or consolidated into these financial statements.

The aggregate financial status and activity (without any required eliminating entries) of the LLC's as of and for the year ended December 31, 2017, are as follows:

Assets	\$	38,310,663
Less - Liabilities		25,367,869
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Equity		12,942,794
<hr/>		
Net loss	(\$	2,443,280)
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WSOS Community Action Commission, Inc.

Notes to Financial Statements

Note 19: Grant Awards

At September 30, 2017, WSOS had received commitments for funding under various grant awards of approximately \$19,400,000. Additionally, WSOS has commitments for funding under various grant awards to subrecipients at September 30, 2017, of approximately \$1,300,000. These commitments are not recognized in the accompanying financial statements as they are conditional awards.

Note 20: Commitments

At September 30, 2017, WSOS has a contract commitment with a contractor of approximately, \$4.5 million to renovate property owned by WSOS. As of September 30, 2017, approximately \$213,000 of costs have been incurred on the contract.

Note 21: Subsequent Events

Subsequent events have been evaluated through May 29, 2018, which is the date the financial statements were available to be issued.

Subsequent to year end, WSOS was notified by the Department of Health and Human Services that their direct Federal Head Start (CFDA #93.600) program has been selected for competitive bid. WSOS will submit a bid to continue operating the program. For the year ended September 30, 2017, WSOS received approximately 25% of total revenue, excluding in-kind contributions under its Head Start program.

Through May 29, 2018, WSOS has drawn approximately \$2.0 million on the loan with the United States Department of Agriculture described in Note 11 for renovations to property owned by WSOS.

Supplementary Information

WSOS Community Action Commission, Inc.

Schedule A-1

Schedule of Expenditures of Federal, State, and Local Awards

Year Ended September 30, 2017

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Entity Identifying Number	CFDA Number	Funding Source/ Pass-Through Entity	Passed Through to Subrecipients	Federal Expenditures
DEPARTMENT OF AGRICULTURE					
Rural Community Development Initiative	41-072-5934-Loan#17	10.446	USDA Rural Development	<u>0</u>	<u>116,916</u>
Child and Adult Care Food Program	IRN#-077222	10.558	Ohio Department of Education/ School Food Service	<u>0</u>	<u>355,612</u>
RUS/Technitrain	000C24001G145868	10.761	RCAP, Inc.	534,684	940,568
RUS/Technitrain			RCAP, Inc.	40,000	63,075
Tribal Technitrain	000C24001G145886		RCAP, Inc.	28,245	45,139
Tribal Technitrain			RCAP, Inc.	0	170
Total Federal Expenditures CFDA #10.761				<u>602,929</u>	<u>1,048,952</u>
USDA Solid Waste	000C24001G146110	10.762	RCAP, Inc.	7,789	8,685
USDA Solid Waste			RCAP, Inc.	130,000	139,749
Total Federal Expenditures CFDA #10.762				<u>137,789</u>	<u>148,434</u>
Safe Water Intermediary Relief Revolving Loans	41-072-0340975934	10.767	USDA Rural Development	<u>0</u>	<u>239,736</u>
Household Water Well System	1776	10.862	USDA Rural Development	<u>0</u>	<u>27,128</u>
Seneca SWCD Conservation Innovation	None	10.912	Seneca Soil & Water Conservation District	<u>0</u>	<u>329</u>
TOTAL DEPARTMENT OF AGRICULTURE PROGRAMS				<u>740,718</u>	<u>1,937,107</u>

WSOS Community Action Commission, Inc.

Schedule A-2

Schedule of Expenditures of Federal, State, and Local Awards

Year Ended September 30, 2017

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Entity Identifying Number	CFDA Number	Funding Source/ Pass-Through Entity	Passed Through to Subrecipients	Federal Expenditures
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Housing Counseling Program	HC160321055	14.169	U.S. Department of HUD	<u>0</u>	<u>24,892</u>
Supportive Housing Program (HUD)	OH0225L5E071508	14.235	U.S. Department of HUD	48,726	222,578
Supportive Housing Program (HUD)	OH0225L5E071609		U.S. Department of HUD	17,161	64,426
Domestic Violence (HUD)	OH0420L5E071501		U.S. Department of HUD	0	97,124
Domestic Violence (HUD)	OH0420L5E071602		U.S. Department of HUD	0	89,776
Permanent Supportive Housing (PSH)	OH0183L5E071508		U.S. Department of HUD	0	346,607
Permanent Supportive Housing (PSH)	OH0183L5E071609		U.S. Department of HUD	0	107,340
Total Federal Expenditures CFDA #14.235				<u>65,887</u>	<u>927,851</u>
CDBG Rural LISC	42129-0021	14.252	Local Initiatives Support Corporation	<u>0</u>	<u>15,581</u>
Minnesota Housing Partnership	B-13-RCB-MN-001	14.265	U.S. Department of HUD	<u>0</u>	<u>9,217</u>
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PROGRAMS				<u>65,887</u>	<u>968,324</u>
DEPARTMENT OF LABOR					
WIA Cluster:					
One Stop-Ottawa/Sandusky	2016-2017-02	17.258	Northcoast Regional Workforce	77,382	176,222
One Stop-Ottawa/Sandusky	2017-2018		Investment System	25,365	65,064
Total Federal Expenditures CFDA #17.258				<u>102,747</u>	<u>241,286</u>
Hancock County WIOA Youth	None	17.259	Hancock Co. Job and Family Services	0	43,435
Hancock County WIOA Youth	None		Hancock Co. Job and Family Services	0	12,333
Ohio Youth Works (Wood Co)	None		Wood Co. Job and Family Services	0	43,097
Wood County WIOA Youth	16-779		Wood Co. Job and Family Services	0	156,953
Wood County WIOA Youth	17-562		Wood Co. Job and Family Services	0	44,113
Total Federal Expenditures CFDA #17.259				<u>0</u>	<u>299,931</u>
Total Federal Expenditures WIA Cluster CFDA #17.258, #17.259				<u>102,747</u>	<u>541,217</u>

WSOS Community Action Commission, Inc.

Schedule A-3

Schedule of Expenditures of Federal, State, and Local Awards

Year Ended September 30, 2017

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Entity Identifying Number	CFDA Number	Funding Source/ Pass-Through Entity	Passed Through to Subrecipients	Federal Expenditures
DEPARTMENT OF LABOR (Continued)					
Ready To Work H1-B	HG-26676-15-60-A-39	17.268	U.S. Department of Labor	96,655	2,036,679
Face Forward	PE-24495-13-60-A-39	17.270	U.S. Department of Labor	0	3,903
TAACCCT Grant	TC-26481-14-60-A-39	17.282	Northwest State Community College	0	136,452
TOTAL DEPARTMENT OF LABOR PROGRAMS				96,655	2,476,965
DEPARTMENT OF STATE					
Minority Empowerment in Moldova	S-LMAQM-14-GR-1057	19.345	U.S. Department of State	101,671	120,562
Citizen Legislative Advocacy in Minority Communities	S-ECAGD-14--CA-1158	19.415	U.S. Department of State	12,000	47,729
Professional Fellows Program	S-ECAGD-15-CA-1118			22,300	221,192
Professional Fellows Program	S-ECAGD-16-CA-1145			5,000	286,745
Professional Fellows Program	S-ECAGD-17-CA-1078			0	893
Total Federal Expenditures CFDA #19.415				39,300	556,559
TOTAL DEPARTMENT OF STATE PROGRAMS				140,971	677,121

WSOS Community Action Commission, Inc.

Schedule A-4

Schedule of Expenditures of Federal, State, and Local Awards

Year Ended September 30, 2017

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Entity Identifying Number	CFDA Number	Funding Source/ Pass-Through Entity	Passed Through to Subrecipients	Federal Expenditures
DEPARTMENT OF TRANSPORTATION					
Rural Transit	118-RPTF-16-0100	20.509	Ohio Dept. of Transportation	0	56,207
	118-RPTF-17-0101			0	263,199
	118-RPTF-16-0100			0	173,641
	118-RPTF-17-0101			0	37,717
Transit Scholarship	RTAP-7SCH-036-171			0	1,019
			Total Federal Expenditures CFDA #20.509	0	531,783
Transit Services Program Cluster:					
Ohio Coordination - Mobility Manager	CRD-0072-010-151	20.513	Ohio Dept. of Transportation	0 (3,000)
	OCPX-0072-016-161		Ohio Dept. of Transportation	0	56,373
	OCPX-0022-010-171		Ohio Dept. of Transportation	0	108,770
ODOT 5310 Specialized Transportation Program Capital Project	SPEC-0072-016-088 & 090 & 092		Ohio Dept. of Transportation	0	22,695
			Total Federal Expenditures CFDA #20.513	0	184,838
Job Access/Reverse Commute	JARC-4072-103-151	20.516	Ohio Dept. of Transportation	0	(12,554)
New Freedom Grant	NF-4072-044-151	20.521	Ohio Dept. of Transportation	0	(22,962)
			Total Federal Expenditures Transit Services Program Cluster CFDA #20.513, #20.516, #20.521	0	149,322
TOTAL DEPARTMENT OF TRANSPORTATION PROGRAMS				0	149,322
APPALACHIAN REGIONAL COMMISSION					
Appalachian Research Technical Assistance	OH-17152-C2-15	23.011	Appalachian Regional Commission	0	55,295

WSOS Community Action Commission, Inc.

Schedule A-5

Schedule of Expenditures of Federal, State, and Local Awards

Year Ended September 30, 2017

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Entity Identifying Number	CFDA Number	Funding Source/ Pass-Through Entity	Passed Through to Subrecipients	Federal Expenditures
DEPARTMENT OF VETERANS AFFAIRS					
Supportive Services for Veterans Families	12-OH-064	64.033	Community Action Partnership, Inc.	0	465,775
Total Federal Expenditures CFDA #64.033				0	465,775
ENVIRONMENTAL PROTECTION AGENCY (EPA)					
US EPA	83580401	66.424	Environmental Protection Agency	22,981	20,015
US EPA	83657001		Environmental Protection Agency	249,890	436,042
Total Federal Expenditures CFDA #66.424				272,871	456,057
US EPA Training and Technical Assistance	83580501	66.436	RCAP, Inc.	0	37,593
	83628001		RCAP, Inc.	0	87,248
Total Federal Expenditures CFDA #66.436				0	124,841
Drinking Water State Revolving Fund Cluster:					
Small System Technical Assistance	FS985954-15	66.468	Ohio Environmental Protection Agency	0	391,503
Small System Technical Assistance	FS985954-15		Ohio Environmental Protection Agency	0	116,458
Supplemental Training	FS985954-15		Ohio Environmental Protection Agency	0	288,241
Total Federal Expenditures Drinking Water State Revolving Fund Cluster CFDA #66.468				0	796,202
TOTAL ENVIRONMENTAL PROTECTION AGENCY PROGRAMS				272,871	1,377,100
DEPARTMENT OF ENERGY					
Home Weatherization Assistance Program	16-126	81.042	Ohio Department Services Agency	0	407,788
	17-126		Ohio Department Services Agency	0	278,374
Total Federal Expenditures CFDA #81.042				0	686,162

WSOS Community Action Commission, Inc.

Schedule A-6

Schedule of Expenditures of Federal, State, and Local Awards

Year Ended September 30, 2017

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Entity Identifying Number	CFDA Number	Funding Source/ Pass-Through Entity	Passed Through to Subrecipients	Federal Expenditures
DEPARTMENT OF EDUCATION					
Help Me Grow - Wood County	None	84.181	Ohio Department of Health	0	167,483
Help Me Grow - Wood County	None		Ohio Department of Health	0	41,604
Total Federal Expenditures CFDA #84.181				0	209,087
Center For Hope - Toledo	S287C160035	84.287	U.S Department of Education	140,808	163,308
TOTAL DEPARTMENT OF EDUCATION PROGRAMS				140,808	372,395
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Aging Cluster:					
Older American Act - Title IIIB	N/A	93.044	Area Office on Aging of NW Ohio	0	52,546
Older American Act - Title IIIC	N/A	93.045	Area Office on Aging of NW Ohio	0	155,895
Total Federal Expenditures Aging Cluster CFDA #93.044, #93.045				0	208,441
TANF Cluster:					
Early Childhood Daycare	None	93.558	OH Department of Job & Family Services	0	182,540
OACAA Fatherhood	G-1617-21-0679		OH Department of Job & Family Services	0	8,333
Wood County Youth Year Round	16-1056		Wood Co. Job & Family Services	0	200,000
Wood County CCMEP	17-648		Wood Co. Job & Family Services	0	40,331
Hancock County CCMEP	329-16		Hancock Co. Job & Family Services	0	37,327
Hancock County CCMEP	340-17		Hancock Co. Job & Family Services	0	21,033
Healthier Buckeye Council	None		Sandusky Co. Healthier Buckeye Council	0	444,104

WSOS Community Action Commission, Inc.

Schedule A-7

Schedule of Expenditures of Federal, State, and Local Awards

Year Ended September 30, 2017

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Entity Identifying Number	CFDA Number	Funding Source/ Pass-Through Entity	Passed Through to Subrecipients	Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)					
Ohio Fatherhood Initiative	G-1617-17-0292	93.558	OH Department of Job & Family Services	0	86,716
Ohio Fatherhood Initiative	G-1819-17-0315		OH Department of Job & Family Services	0	8,762
Total Federal Expenditures TANF Cluster CFDA #93.558				0	1,029,146
Home Energy Assistance Program	17-HA-138	93.568	Ohio Department Services Agency	0	434,788
	17-HE-238		Ohio Department Services Agency	0	471,026
	17-HC-238		Ohio Department Services Agency	0	64,644
	18-HA-138		Ohio Department Services Agency	0	24,443
Home Weatherization Assistance Program	16-126		Ohio Department Services Agency	0	656,958
	17-126		Ohio Department Services Agency	0	33,364
Total Federal Expenditures CFDA #93.568				0	1,685,223
Community Services Block Grant (CSBG)	1617-44	93.569	Ohio Department Services Agency	0	424,606
Rural Community Facilities Development	90EF0082-02-00	93.570	U.S. Department of Health and	535,657	915,571
			Human Services		
CCDF Cluster:					
Step Up To Quality	None	93.575	Ohio Child Care Resource & Referral Association	0	7,375
Head Start Full-Year, Part-Day Handicapped, Training and Technical Assistance	05CH8355/02	93.600	U.S. Department of Health and Human Services	0	5,922,751

WSOS Community Action Commission, Inc.

Schedule A-8

Schedule of Expenditures of Federal, State, and Local Awards

Year Ended September 30, 2017

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Entity Identifying Number	CFDA Number	Funding Source/ Pass-Through Entity	Passed Through to Subrecipients	Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)					
Head Start Full-Year, Part-Day Handicapped, Training and Technical Assistance	05CH8355/04	93.600	U.S. Department of Health and Human Services	0	1,369,055
Lucas Co. Head Start	05CH8473/001		Toledo Public Schools	0	341,643
Lucas Co. Head Start	05CH8473/002		Toledo Public Schools	0	1,145,848
Early Head Start-Child Care Provider Program	05HP0019-01-01		U.S. Department of Health and Human Services	1,126,586	1,843,294
Early Head Start-Child Care Provider Program Expansion	05HP000107-01-00		U.S. Department of Health and Human Services	-	690,648
Early Head Start-Child Care Provider Program	05HP0019-03-00		U.S. Department of Health and Human Services	182,215	333,591
Total Federal Expenditures CFDA #93.600				1,308,801	11,646,830
Medicaid Cluster:					
Medicaid Title XIX (Sandusky County)	None	93.778	Sandusky Co. Dept. of Jobs & Family Services	0	342,293
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES PROGRAMS				1,844,458	15,917,192
TOTAL FEDERAL EXPENDITURES				\$ 3,405,115	\$ 26,207,337

WSOS Community Action Commission, Inc.

Schedule A-9

Schedule of Expenditures of Federal, State, and Local Awards

Year Ended September 30, 2017

State and Local Programs	Funding Source/ Pass-Through Entity	State and Local Expenditures
Ohio Housing Trust Fund	Ohio Department Services Agency	102,820
Homeless Crisis Response Program	Ohio Department Services Agency	229,976
Homeless Crisis Response Program	Ohio Department Services Agency	77,450
Millennia Case Management	Millennia Housing Management, LTD.	3,005
Percentage of Income Payment Plan	Ohio Development Services Agency	14,907
Sandusky Seniors Programs	Area Office on Aging of NW Ohio	202,957
Sandusky Seniors Programs	Area Office on Aging of NW Ohio	629,541
Powerful Parenting	Sandusky County Board of Commissioners	2,014
Capital Replacement Funds	Sandusky County Board of Commissioners	16,760
Strong Families Safe Communities	Sandusky County Board of Commissioners	31,849
Ohio Water Development Authority	Ohio Water Development Authority	447,493
Ohio Water Development Authority	Ohio Water Development Authority	169,528
After School Programs	Sandusky Co. United Way	11,759
Help Me Grow - Wood County	United Way - Wood County	16,238
Help Me Grow - Wood County	United Way - Wood County	5,075
T.R.I.P.S.	Ohio Department of Transportation	211,206
T.R.I.P.S. Program	United Way - Wood County	14,502
21st Century Learning Grant - High School/Green Springs Elementary	Clyde City Schools	77,712
21st Century Learning Grant - High School/Green Springs Elementary	Clyde City Schools	63,631
21st Century Learning Grant - Middle School/Clyde Elementary	Clyde City Schools	8,686

WSOS Community Action Commission, Inc.

Schedule A-10

Schedule of Expenditures of Federal, State, and Local Awards

Year Ended September 30, 2017

State and Local Programs	Funding Source/ Pass-Through Entity	State and Local Expenditures
21st Century Learning Grant - Elementary/Middle School	Fremont City Schools	49,951
21st Century Learning Grant - High School	Fremont City Schools	4,546
Neighborhood Initiative Program	Ohio Housing Finance Agency	25,711
HSTS Grant	Seneca County Commissioners	40,500
Commons at Little Bark Creek	Ohio Housing Development Assistance Program	35,000
	Total State and Local Expenditures	<u>\$ 2,492,817</u>

Notes to Schedule of Expenditures of Federal, State, and Local Awards

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal, state, and local awards (the "Schedule") includes the federal, state and local award activity of WSOS Community Action Commission, Inc. under programs of the federal government for the year ended September 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of WSOS Community Action Commission, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of WSOS Community Action Commission, Inc.

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 allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 - Indirect Cost Allocation

WSOS Community Action Commission, Inc. has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Board of Directors
WSOS Community Action Commission, Inc.
Fremont, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States 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 WSOS Community Action Commission, Inc., which comprise the statement of financial position as of September 30, 2017, and the related statement 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 May 29, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered WSOS Community Action Commission, 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 WSOS Community Action Commission, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of WSOS Community Action Commission, 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether WSOS Community Action Commission, Inc.'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 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 WSOS Community Action Commission, 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 WSOS Community Action Commission, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Wipfli LLP".

Wipfli LLP

May 29, 2018
Madison, Wisconsin



Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance

Board of Directors
WSOS Community Action Commission, Inc.
Fremont, OH

Report on Compliance for Each Major Federal Program

We have audited WSOS Community Action Commission, Inc.'s compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017. WSOS Community Action Commission, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility for Compliance

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of WSOS Community Action Commission, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about WSOS Community Action Commission, 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 for each major federal program. However, our audit does not provide a legal determination on WSOS Community Action Commission, Inc.'s compliance.

Opinion

In our opinion, WSOS Community Action Commission, Inc. 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 September 30, 2017.

Report on Internal Control Over Compliance

Management of WSOS Community Action Commission, 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 WSOS Community Action Commission, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of WSOS Community Action Commission, Inc.'s 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 a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Wipfli LLP

May 29, 2018
Madison, Wisconsin

WSOS Community Action Commission, Inc.

Schedule of Findings and Questioned Costs

Section I - Summary of Auditor's Results and Questioned Costs

Financial Statements

Type of auditor's report issued?	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal and state programs:	
Material weakness identified?	No
Significant deficiency identified?	No
Type of auditor's report issued on compliance for major program	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]?	No
Identification of major federal programs:	

Name of Federal Major Program or Cluster

CFDA No.

Technical Assistance and Training Grants	10.761
Capitalization Grants for Drinking Water State Revolving Funds	66.468
Temporary Assistance for Needy Families	93.558
Head Start	93.600

Dollar threshold used to distinguish between Type A and Type B programs:	
Federal	\$786,220
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

None

Section III - Federal and State Award Findings and Questioned Costs

None

Section IV - Summary Schedule of Prior Year Findings

None