

**WSOS Community Action  
Commission, Inc.**

Fremont, Ohio

Financial Statements and Supplementary  
Information

Year Ended September 30, 2018

# WSOS Community Action Commission, Inc.

Financial Statements and Supplementary Information  
Year Ended September 30, 2018

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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, 2018, 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, 2018, 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 June 11, 2019, 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*

Wipfli LLP

June 11, 2019  
Madison, Wisconsin

# WSOS Community Action Commission, Inc.

## Statement of Financial Position

September 30, 2018

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<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 2,006,892
Investments	910,715
Accounts receivable, net	724,102
Grants receivable	3,992,416
Revolving loans receivable - Current, net	56,086
Loans receivable - Current, net	17,912
Prepaid expenses	305,124
Advance deposit	296,324
Other assets	104,263
<b>Total current assets</b>	<b>8,413,834</b>
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Property and equipment, net	7,527,352
Long-term assets:	
Revolving loans receivable - Long-term, net	396,743
Loans receivable - Long-term, net	189,771
Loans receivable - Related parties, net	5,287,273
<b>Total long-term assets</b>	<b>5,873,787</b>
<hr/>	
<b>TOTAL ASSETS</b>	<b>\$ 21,814,973</b>

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# WSOS Community Action Commission, Inc.

## Statement of Financial Position (Continued)

September 30, 2018

### *Liabilities and Net Assets*

Current liabilities:

Notes payable - Current portion	\$	241,092
Loans payable - Current portion		17,912
Accounts payable		1,927,913
Accrued payroll and related expenses		667,336
Accrued vacation		774,531
Grant funds received in advance		699,006
Other liabilities		330,043
<b>Total current liabilities</b>		<b>4,657,833</b>

Long-term liabilities:

Notes payable		3,458,307
Loans payable		189,771
Loans payable - Related parties		5,287,273
<b>Total long-term liabilities</b>		<b>8,935,351</b>
<b>Total liabilities</b>		<b>13,593,184</b>

Net assets:

Unrestricted		5,511,985
Unrestricted - Self insurance		1,888,967
Unrestricted - Board designated		239,062
<b>Total unrestricted net assets</b>		<b>7,640,014</b>
Temporarily restricted		581,775
<b>Total net assets</b>		<b>8,221,789</b>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b>21,814,973</b>
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# WSOS Community Action Commission, Inc.

## Statement of Activities

Year Ended September 30, 2018

	Unrestricted	Temporarily Restricted	Total
Revenue:			
Grant revenue:			
Federal	\$ 28,020,604	\$ 0	\$ 28,020,604
Other	3,648,230	0	3,648,230
Total grant revenue	31,668,834	0	31,668,834
Investment income	32,149	0	32,149
Interest income	329,394	9,575	338,969
Program income	4,033,397	2,565	4,035,962
Donations	83,777	2,722	86,499
Rental income	79,345	0	79,345
Miscellaneous revenue	28,688	8,277	36,965
In-kind contributions	51,891	0	51,891
Net assets released from restriction through satisfaction of program restrictions	294,832	( 294,832)	0
Total revenue	36,602,307	( 271,693)	36,330,614
Program activities			
Child development	14,069,591	0	14,069,591
Adult and youth development	6,399,529	0	6,399,529
Community development	4,890,191	0	4,890,191
Housing and energy	2,753,672	0	2,753,672
Seniors	1,242,956	0	1,242,956
TRIPS	1,472,168	0	1,472,168
Corporate programs	312,751	0	312,751
Housing and workforce development	1,349,034	0	1,349,034
Total program activities	32,489,892	0	32,489,892
Management and general	2,606,682	0	2,606,682
Fund-raising	15,518	0	15,518
Total expenses	35,112,092	0	35,112,092
Change in net assets	1,490,215	( 271,693)	1,218,522
Net assets - Beginning of year	6,149,799	853,468	7,003,267
Net assets - End of year	\$ 7,640,014	\$ 581,775	\$ 8,221,789

See accompanying notes to financial statements.

# WSOS Community Action Commission, Inc.

## Statement of Cash Flows Year Ended September 30, 2018

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Increase (decrease) in cash and cash equivalents:

Cash flows from operating activities:

Change in net assets \$ 1,218,522

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Adjustments to reconcile change in net assets  
to net cash provided by operating activities:

Depreciation	482,460
Loss on disposal of property and equipment	2,219
Provision for loan loss - Revolving loans	4,887
Provision for loan loss - Related parties	277,336
Recovery of bad debt	( 67,117)
Interest earned on loans receivable - Related parties	( 374,049)
Interest accrued on loans payable - Related parties	96,713
Unrealized and realized gain on investments	( 21,403)
Changes in operating assets and liabilities:	
Grants receivable	( 31,302)
Accounts receivable	( 253,161)
Prepaid expenses	6,027
Advance deposit	( 13,807)
Other assets	( 6,120)
Accounts payable	96,533
Accrued payroll and related expenses	21,038
Accrued vacation	173,189
Grant funds received in advance	268,480
Other liabilities	36,177

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Net cash provided by operating activities 1,916,622

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# WSOS Community Action Commission, Inc.

## Statement of Cash Flows (Continued)

Year Ended September 30, 2018

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Cash flows from investing activities:	
Capital expenditures	( 1,801,536)
Proceeds from sales and maturities of investments	753,799
Purchase of investments	( 745,331)
Issuance of revolving loans	( 204,193)
Principal payments received on revolving loans	209,733
Principal payments received on loans receivable	9,835
Proceeds from sale of property and equipment	150,000
<b>Net cash used in investing activities</b>	<b>( 1,627,693)</b>
Cash flows from financing activities:	
Principal payments on notes payable	( 138,554)
Principal payments on loans payable	( 239,737)
<b>Net cash used in financing activities</b>	<b>( 378,291)</b>
Change in cash and cash equivalents	( 99,195)
Cash and cash equivalents - Beginning of year	2,106,087
<b>Cash and cash equivalents - End of year</b>	<b>\$ 2,006,892</b>

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### Supplemental cash flow information:

Interest paid and expensed	\$ 19,031
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### Supplemental schedule of noncash investing and financing activities:

Purchase of property and equipment included in accounts payable	\$ 1,037,631
Debt incurred to purchase property and equipment	3,659,218
Capitalized interest included in property and equipment	29,071

# WSOS Community Action Commission, Inc.

## Notes to Financial Statements

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### 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's 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

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Nature of Operations (Continued)**

Adult and Youth Services provide youth summer programming, homelessness prevention services, 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 17. 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 42% 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

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### **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.

Program income is generated by a supported activity or earned as a result of a federal award during the period of performance. Program income must be used for the purposes under the award and for current, allowable costs under the federal guidelines and conditions in the federal grant.

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.

# WSOS Community Action Commission, Inc.

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Revenue Recognition (Continued)

##### 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.

#### 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 30, 2018, WSOS has recorded an allowance of \$45,185 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, 2018, 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.

# WSOS Community Action Commission, Inc.

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **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.

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 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

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### 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 \$6,243,969 at September 30, 2018.

#### 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

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### 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, 2018, WSOS received \$51,891 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 \$1,977,000 primarily for its Aging, Nutrition, and Head Start programs. The nonprofessional volunteer services are not reported in the statement of activities.

#### New Accounting Pronouncements

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities* (Topic 958). This ASU provides certain improvements in financial reporting for not-for-profit organizations and requires changes to net asset classification, enhancements to liquidity presentation and disclosures, presentation of an analysis of expenses by function and by nature, netting of investment expenses with return, among other changes. ASU No. 2016-04 is effective for nonpublic entities for annual periods beginning after December 15, 2017. WSOS is currently evaluating the impact of the provisions of ASU Topic 958.

In 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard replaces the current revenue recognition requirements and most industry-specific guidance. When adopted, the amendments in this ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic entities for annual periods beginning after December 15, 2018. WSOS is currently evaluating the impact of the provisions of ASU Topic 606.

In 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. ASU No. 2016-02 must be applied modified retrospectively. WSOS is currently evaluating the impact of the provisions of ASU Topic 842.

On June 21, 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a transaction is conditional.

# WSOS Community Action Commission, Inc.

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### New Accounting Pronouncements (Continued)

The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2018, and for interim periods within fiscal years beginning after December 15, 2019, for transactions in which the entity services as the resource recipient. Early application of the amendments in this update is permitted. WSOS is currently evaluating the impact of the provisions of ASU Topic 958.

#### 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 Safe-Keeping 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	\$ 3,001,654
State and local programs	990,762
<u>Total grants receivable</u>	<u>\$ 3,992,416</u>

#### Note 4: Investments

Investments consist of mutual funds. The fair value of these securities as of September 30, 2018, are as follows:

	<b>Fair Value</b>
Fixed income mutual funds	\$ 387,375
Equity mutual funds	523,340
<u>Totals</u>	<u>\$ 910,715</u>

Investment income as of September 30, 2018, consists of the following:

Interest and dividend income - Investments	\$ 17,971
Unrealized and realized gain on investments	21,403
Investment fees	( 7,225)
<u>Net investment income</u>	<u>\$ 32,149</u>

# WSOS Community Action Commission, Inc.

## Notes to Financial Statements

### Note 5: Property and Equipment

A summary of property and equipment is as follows:

Land	\$	172,479
Buildings and improvements		8,992,492
Furniture, fixtures, and equipment		3,290,450
Computers		191,251
Total		12,646,672
Accumulated depreciation	(	5,119,320)
<b>Property and equipment, net</b>	<b>\$</b>	<b>7,527,352</b>

### 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, 2018, 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	\$ 387,375	\$ 387,375	\$ 0	\$ 0
Equity mutual funds	523,340	523,340	0	0
<b>Total</b>	<b>\$ 910,715</b>	<b>\$ 910,715</b>	<b>\$ 0</b>	<b>\$ 0</b>

### 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.

# WSOS Community Action Commission, Inc.

## Notes to Financial Statements

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### Note 7: Revolving Loans Receivable (Continued)

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 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.

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 WSOS 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 WSOS 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 Well-water	\$	206,468
Community loan fund (Safe Water) loans		153,714
RHED Loans		81,322
Daycare Loans		38,338
Microloans		5,035
Business Loans		9,180
		<u>494,057</u>
Less: Allowance for revolving loans receivable		<u>41,228</u>
<b>Total revolving loans receivable</b>	<b>\$</b>	<b><u>452,829</u></b>
Revolving loans receivable - Current	\$	56,086
Revolving loans receivable - Long-term		396,743
<b>Total revolving loans receivable</b>	<b>\$</b>	<b><u>452,829</u></b>

# WSOS Community Action Commission, Inc.

## Notes to Financial Statements

### Note 7: Revolving Loans Receivable (Continued)

Revolving loan classifications at September 30, 2018 consist of the following:

Jobs and business development	\$	340,343
Economic development		153,714
<hr/>		
Subtotals		494,057
<hr/>		
Allowance for loan losses - Job and business development	(	41,228)
Allowance for loan losses - Economic development	(	0)
<hr/>		
Revolving loans receivable, net	\$	452,829

An analysis of the allowance for loan losses for the job and business development loans for the year ended September 30, 2018, is as follows:

Balance at beginning of year	\$	146,512
Loans charged off	(	43,054)
Recoveries of loans previously charged off	(	67,117)
Provision for loan loss		4,887
<hr/>		
Balance at September 30, 2018	\$	41,228

Detailed analysis of loans evaluated for impairment as of September 30, 2018, is as follows:

	<b>Jobs and Bus. Devel.</b>	<b>Economic Development</b>	<b>Totals</b>
Loans:			
Individually evaluated for impairment	\$ 133,874	\$ 153,714	\$ 287,588
Collectively evaluated for impairment	206,469	0	206,469
<b>Totals</b>	<b>\$ 340,343</b>	<b>\$ 153,714</b>	<b>\$ 494,057</b>

	<b>Jobs and Bus. Devel.</b>	<b>Economic Development</b>	<b>Totals</b>
Related Allowance for Loan Losses:			
Individually evaluated for impairment	\$ 5,035	\$ 0	\$ 5,035
Collectively evaluated for impairment	36,193	0	36,193
<b>Totals</b>	<b>\$ 41,228</b>	<b>\$ 0</b>	<b>\$ 41,228</b>

# WSOS Community Action Commission, Inc.

## Notes to Financial Statements

### Note 7: Revolving Loans Receivable (Continued)

Detailed information regarding impaired loans as of September 30, 2018, is as follows:

	Recorded Investment	Principal Balance	Related Allowance	Average Investment	Interest Recognized
Loans with an allowance for loan losses:					
Jobs and business development	\$ 5,035	\$ 5,035	\$ 5,035	\$ 5,035	\$ -
<b>Total loans with an allowance for loan losses</b>	<b>\$ 5,035</b>	<b>\$ 5,035</b>	<b>\$ 5,035</b>	<b>\$ 5,035</b>	<b>\$ -</b>

There were no impaired loans without a related allowance for loan loss as of September 30, 2018.

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.

Information regarding the credit quality indicators most closely monitored by class of loan as of September 30, 2018, is as follows:

	Performing	Nonperforming	Totals
Credit exposure:			
Economic development	\$ 153,715	\$ 0	\$ 153,715
Jobs and business development	299,114	41,228	340,342
<b>Totals</b>	<b>\$ 452,829</b>	<b>\$ 41,228</b>	<b>\$ 494,057</b>

As of September 30, 2018, 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, 2018.

	Number of Contracts	Pre- Modification Investment	Post- Modification Investment
Household Wellwater	0	\$ 0	\$ 0
Community loan fund loans	0	0	0
RHED Loans	0	0	0
Daycare Loans	0	0	0
Microloans	1	5,035	5,035
Business Loans	0	0	0
Household Wellwater	0	0	0
<b>Totals</b>	<b>1</b>	<b>\$ 5,035</b>	<b>\$ 5,035</b>

No troubled debt restructurings defaulted during the year ended September 30, 2018, within 12 months of their modification date.

# WSOS Community Action Commission, Inc.

## Notes to Financial Statements

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### Note 8: Loans Receivable/Loans Payable

WSOS provided four loans totaling \$207,683 to five 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:

Down-payment assistance loan program	\$ 207,683
<u>Less: Allowance for uncollectable amounts</u>	<u>0</u>

<u>Total loans receivable, net</u>	<u>\$ 207,683</u>
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Loans receivable - Current	\$ 17,912
<u>Loans receivable - Long-term</u>	<u>189,771</u>

<u>Total loans receivable, net</u>	<u>\$ 207,683</u>
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The funding used to provide financing for the loans receivable above consists of the following loans payable:

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 mortgage payable.	\$ 207,683
Total	207,683
<u>Current portion</u>	<u>( 17,912)</u>

<u>Long-term loans payable</u>	<u>\$ 189,771</u>
--------------------------------	-------------------

Future principal payments due on loans payable at September 30, 2018, are as follows:

2019	\$ 17,912
2020	14,062
2021	14,062
2022	14,062
2023	14,062
<u>Thereafter</u>	<u>133,523</u>
<u>Total</u>	<u>\$ 207,683</u>

# WSOS Community Action Commission, Inc.

## Notes to Financial Statements

### Note 9: Loans Receivable – Related Parties

Loans receivable – related parties represent loans provided to the housing entities described on Note 17. 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, 2018:

Housing Entity	Amount	Accrued Interest	Allowance for uncollectible Amounts	Loans Receivable Net	Due Date
Leewood Place, LLC	\$ 600,000	\$ 857,571	\$ 648,637	\$ 808,934	06/2048
Laurelhurst, LLC	600,000	826,901	623,752	803,149	11/2048
Laurel Greene, LLC	550,000	700,216	525,105	725,111	08/2049
Tremont Greene, LLC	550,000	688,077	515,359	722,718	08/2049
Lake Towne, LLC	550,000	366,377	235,619	680,758	12/2039
Port Clinton Pointe, LLC	549,000	121,799	0	670,799	12/2054
Bellevue Housing, LP	500,000	8,514	0	508,514	10/2059
Commons at Little Bark	350,000	17,290	0	367,290	10/2055
Totals	<u>\$4,249,000</u>	<u>\$3,586,745</u>	<u>\$2,548,472</u>	<u>\$5,287,273</u>	

An analysis for the allowance for uncollectible amounts for the years ended September 30, 2018, is as follows:

Balance at beginning of year	\$ 2,271,136
Provision for loan loss	277,336
<u>Balance at September 30, 2018</u>	<u>\$ 2,548,472</u>

### 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 17. 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.

# WSOS Community Action Commission, Inc.

## Notes to Financial Statements

### Note 10: Loans Payable – Related Parties (Continued)

Loans payable – related parties at September 30, 2018:

Housing Entity	Amount	Accrued Interest	Loans Payable Net	Affordability End Date
Leewood Place, LLC	\$ 600,000	\$ 208,934	\$ 808,934	06/2048
Laurelhurst, LLC	600,000	203,149	803,149	11/2048
Laurel Greene, LLC	550,000	175,111	725,111	08/2049
Tremont Greene, LLC	550,000	172,718	722,718	08/2049
Lake Towne, LLC	550,000	130,758	680,758	12/2039
Port Clinton Pointe, LLC	549,000	121,799	670,799	12/2054
Bellevue Housing, LP	500,000	8,514	508,514	10/2059
Commons at Little Bark	350,000	17,290	367,290	10/2055
	<u>\$4,249,000</u>	<u>\$1,038,273</u>	<u>\$5,287,273</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.

\$ 114,539

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 \$3,669,608 drawn to date. Semi-annual payments of \$95,840, including interest, due December, 2046. The mortgage is collateralized by real estate.

3,584,860

Total notes payable

\$ 3,699,399

Current portion

( 241,092)

Long-term notes payable

\$ 3,458,307

Future principal payments due on the notes payable outstanding at September 30, 2018, are as follows:

2019	\$ 113,799
2020	116,154
2021	119,171
2022	122,272
2023	124,124
Thereafter	3,103,879

Total note payable

\$ 3,699,399

# WSOS Community Action Commission, Inc.

## Notes to Financial Statements

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### Note 12: Temporarily Restricted Net Assets

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

State and local	\$	546,224
Conditional and foundation		35,551
<hr/>		
Total	\$	581,775

### Note 13: 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, 2018, the required amount of the advance deposit was \$296,324 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 \$2.868 million and the minimum recommended reserve is \$860,563. On September 30, 2018, the self-insurance reserve balance was \$1,888,967 or 220% of the minimum recommended, which is included in unrestricted net assets.

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, 2018, but paid subsequent to September 30, 2018. On September 30, 2018, WSOS has recorded a liability of \$315,694. 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, as well as an aggregate maximum limit of reimbursement liability of \$2,000,000.

### Note 14: 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, 2018, were \$655,274.

# WSOS Community Action Commission, Inc.

## Notes to Financial Statements

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### Note 15: Operating Leases

WSOS leases various facilities and equipment for operation of its programs. Rent expense for the year ended September 30, 2018, was \$465,937. Future minimum lease payments on leases having terms beyond September 30, 2018, are as follows:

2019	\$	249,128
2020		149,652
2021		31,608
2022		6,888
2023		6,888
<hr/>		
Total	\$	444,164

### Note 16: 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, 2018, was \$79,345. Future minimum lease payments to be received from leases having terms beyond September 30, 2018, are as follows:

2019	\$	40,184
2020		3,600
2021		3,600
2022		3,600
2023		300
<hr/>		
Total	\$	51,284

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

Land	\$	20,530
Buildings		1,735,994
<hr/>		
Total		1,756,524
Accumulated depreciation	(	1,114,667)
<hr/>		
Land and buildings, net	\$	641,857

### Note 17: 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:

# WSOS Community Action Commission, Inc.

## Notes to Financial Statements

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### Note 17: Related Parties (Continued)

- 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 and LP's as of and for the year ended December 31, 2018, are as follows:

Assets	\$ 36,612,754
Less - Liabilities	25,070,915
<hr/>	
Equity	11,541,839
<hr/>	
Net loss	(\$ 2,132,587)

### Note 18: Grant Awards

At September 30, 2018, WSOS had received commitments for funding under various grant awards of approximately \$22,900,000. Additionally, WSOS has commitments for funding under various grant awards to subrecipients at September 30, 2018, of approximately \$2,300,000. These commitments are not recognized in the accompanying financial statements as they are conditional awards.

### Note 19: Subsequent Events

Subsequent events have been evaluated through June 11, 2019, which is the date the financial statements were available to be issued.

Subsequent to year end, WSOS transferred its ownership (see Note 9, Note 10, and Note 17) in Leewood Place Housing Corporation, Laurelhurst Housing Corporation, and Laurel Green Housing Corporation to another organization. As a result, WSOS was released from \$4,196,251 in related loans and accrued interest and released ownership in a matching amount in loans receivable and net accrued interest.

# **Supplementary Information**

# WSOS Community Action Commission, Inc.

## Schedule A-1

### Schedule of Expenditures of Federal, State, and Local Awards

Year Ended September 30, 2018

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
<b>DEPARTMENT OF AGRICULTURE</b>					
Rural Community Development Initiative	41-072-0340975934-21	10.446	USDA Rural Development	0	118,256
	41-072-0340975934-23		USDA Rural Development	0	81,382
<b>Total Federal Expenditures CFDA #10.446</b>				<b>0</b>	<b>199,638</b>
Child and Adult Care Food Program	IRN#-077222	10.558	Ohio Department of Education/ School Food Service	0	<b>384,101</b>
RUS/Technitrain	000C24001G145868	10.761	RCAP, Inc.	331,815	865,191
RUS/Technitrain	000C24001G161539		RCAP, Inc.	28,853	96,389
Tribal Technitrain	000C24001G145886		RCAP, Inc.	0	18,030
Tribal Technitrain	000C24001G161541		RCAP, Inc.	0	6,516
<b>Total Federal Expenditures CFDA #10.761</b>				<b>360,668</b>	<b>986,126</b>
USDA Solid Waste	000C24001G146110	10.762	RCAP, Inc.	<b>125,004</b>	<b>135,412</b>
<b>Community Facilities Loans and Grants Cluster:</b>					
USDA Community Facilities	41-072-392077778	10.766	USDA Rural Development	0	28,827
USDA Facility Loan Grant	File # 153709		USDA Rural Development	0	3,669,608
<b>Total Federal Expenditures Community Facilities Loans and Grants Cluster CFDA #10.766</b>				<b>0</b>	<b>3,698,435</b>
Household Water Well System	41-072-0340975934-19	10.862	USDA Rural Development	0	74,172
Household Water Well System	41-072-0340975934-22		USDA Rural Development	0	52,579
Household Water Well System	41-072-0340975934-25		USDA Rural Development	0	64
<b>Total Federal Expenditures CFDA #10.862</b>				<b>0</b>	<b>126,815</b>
<b>TOTAL DEPARTMENT OF AGRICULTURE PROGRAMS</b>				<b>485,672</b>	<b>5,530,527</b>

# WSOS Community Action Commission, Inc.

## Schedule A-2

### Schedule of Expenditures of Federal, State, and Local Awards

Year Ended September 30, 2018

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
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>					
Housing Counseling Program	HC170321053	14.169	U.S. Department of HUD	<u>0</u>	<u>28,228</u>
Supportive Housing Program (HUD)	OH0225L5E071609	14.235	U.S. Department of HUD	45,778	230,310
Supportive Housing Program (HUD)	OH0592L5E071700		U.S. Department of HUD	0	12,828
Domestic Violence (HUD)	OH0420L5E071602		U.S. Department of HUD	0	116,260
Domestic Violence (HUD)	OH0420L5E071703		U.S. Department of HUD	0	90,389
Permanent Supportive Housing (PSH)	OH0183L5E071609		U.S. Department of HUD	0	355,809
Permanent Supportive Housing (PSH)	OH0183L5E071710		U.S. Department of HUD	0	99,443
Permanent Supportive Housing (PSH) Expansion	OH0567L5E071701		U.S. Department of HUD	0	202,660
<b>Total Federal Expenditures CFDA #14.235</b>				<u>45,778</u>	<u>1,107,699</u>
CDBG Rural LISC	42129-0022	14.252	Local Initiatives Support Corporation	<u>0</u>	<u>14,250</u>
<b>TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PROGRAMS</b>				<u>45,778</u>	<u>1,150,177</u>
<b>DEPARTMENT OF LABOR</b>					
<b>WIOA Cluster:</b>					
One Stop-Ottawa/Sandusky	2017-2018	17.258	Northcoast Regional Workforce Investment System (NRWIS)	71,771	151,485
One Stop-Ottawa/Sandusky	2018-2019		NRWIS	28,534	59,756
<b>Total Federal Expenditures CFDA #17.258</b>				<u>100,305</u>	<u>211,241</u>
Hancock County WIOA Youth	None	17.259	Hancock Co. Job and Family Services	0	45,858
Erie County WIOA Youth	18-273		Hancock Co. Job and Family Services	0	9,120
Sandusky County WIOA Youth	None		Wood Co. Job and Family Services	0	5,268
Wood County WIOA Youth	17-562		Wood Co. Job and Family Services	0	230,714
Ottawa County WIOA Youth	2018-2019		Wood Co. Job and Family Services	0	12,391
<b>Total Federal Expenditures CFDA #17.259</b>				<u>0</u>	<u>303,351</u>
<b>Total Federal Expenditures WIOA Cluster CFDA #17.258, #17.259</b>				<u>100,305</u>	<u>514,592</u>

# WSOS Community Action Commission, Inc.

## Schedule A-3

### Schedule of Expenditures of Federal, State, and Local Awards

Year Ended September 30, 2018

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
<b>DEPARTMENT OF LABOR (Continued)</b>					
Ready To Work H1-B	HG-26676-15-60-A-39	17.268	U.S. Department of Labor	<u>45,128</u>	<u>2,313,572</u>
TAACCCT Grant	TC-26481-14-60-A-39	17.282	Northwest State Community College	<u>0</u>	<u>106,833</u>
Homeless Veterans Reintegration Program	HV-32296-18-60-5-39	17.805	U.S. Department of Labor	<u>0</u>	<u>9,884</u>
<b>TOTAL DEPARTMENT OF LABOR PROGRAMS</b>				<b>145,433</b>	<b>2,944,881</b>
<b>DEPARTMENT OF STATE</b>					
Minority Empowerment in Moldova	S-LMAQM-14-GR-1057	19.345	U.S. Department of State	<u>0</u>	<u>84,750</u>
Professional Fellows Program	S-ECAGD-15-CA-1118	19.415	U.S. Department of State	0	14,374
Professional Fellows Program	S-ECAGD-16-CA-1145		U.S. Department of State	27,000	192,084
Professional Fellows Program	S-ECAGD-17-CA-1078		U.S. Department of State	17,166	305,032
Professional Fellows Program	S-ECAGD-18-CA-0019		U.S. Department of State	0	1,539
<b>Total Federal Expenditures CFDA #19.415</b>				<b>44,166</b>	<b>513,029</b>
<b>TOTAL DEPARTMENT OF STATE PROGRAMS</b>				<b>44,166</b>	<b>597,779</b>

# WSOS Community Action Commission, Inc.

## Schedule A-4

### Schedule of Expenditures of Federal, State, and Local Awards

Year Ended September 30, 2018

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
<b>DEPARTMENT OF TRANSPORTATION</b>					
Rural Transit	118-RPTF-17-0101	20.509	Ohio Dept. of Transportation	0	64,221
Rural Transit	118-RPTF-18-0100		Ohio Dept. of Transportation	0	346,617
Rural Transit	118-RPTF-17-0101		Ohio Dept. of Transportation	0	331,874
<b>Total Federal Expenditures CFDA #20.509</b>				<b>0</b>	<b>742,712</b>
<b>Transit Services Program Cluster:</b>					
Ohio Coordination - Mobility Manager	OCPX-0022-010-171	20.513	Ohio Dept. of Transportation	0	75,752
Ohio Coordination - Mobility Manager	OCPX-0072-010-181		Ohio Dept. of Transportation	0	11,862
<b>Total Federal Expenditures Transit Services Program Cluster CFDA #20.513</b>				<b>0</b>	<b>87,614</b>
<b>Federal Transit Cluster:</b>					
Capital and Capital Maintenance	118-BABF-18-0200	20.526	Ohio Dept. of Transportation	0	86,038
<b>TOTAL DEPARTMENT OF TRANSPORTATION PROGRAMS</b>				<b>0</b>	<b>916,364</b>
<b>APPALACHIAN REGIONAL COMMISSION</b>					
Appalachian Research Technical Assistance	OH-17152-CS-17	23.011	Appalachian Regional Commission	0	56,415

# WSOS Community Action Commission, Inc.

## Schedule A-5

### Schedule of Expenditures of Federal, State, and Local Awards

Year Ended September 30, 2018

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
<b>DEPARTMENT OF VETERANS AFFAIRS</b>					
Supportive Services for Veterans Families	12-OH-064	64.033	Community Action Partnership, Inc.	0	467,494
<b>Total Federal Expenditures CFDA #64.033</b>				<b>0</b>	<b>467,494</b>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>					
US EPA	83657001	66.424	Environmental Protection Agency	19,635	18,957
US EPA	83700001		Environmental Protection Agency	97,291	379,990
<b>Total Federal Expenditures CFDA #66.424</b>				<b>116,926</b>	<b>398,947</b>
US EPA Training and Technical Assistance	83628001	66.436	RCAP, Inc.	0	39,752
US EPA Training and Technical Assistance	83697601		RCAP, Inc.	0	56,435
US EPA Waste Water	83740001		RCAP, Inc.	34,295	101,687
<b>Total Federal Expenditures CFDA #66.436</b>				<b>34,295</b>	<b>197,874</b>
<b>Drinking Water State Revolving Fund Cluster:</b>					
Small System Technical Assistance	FS985954-15	66.468	Ohio Environmental Protection Agency	0	405,542
Small System Technical Assistance	FS985954-15		Ohio Environmental Protection Agency	0	160,391
Supplemental Training	FS985954-15		Ohio Environmental Protection Agency	0	( 41)
<b>Total Federal Expenditures Drinking Water State Revolving Fund Cluster CFDA #66.468</b>				<b>0</b>	<b>565,892</b>
<b>TOTAL ENVIRONMENTAL PROTECTION AGENCY PROGRAMS</b>				<b>151,221</b>	<b>1,162,713</b>
<b>DEPARTMENT OF ENERGY</b>					
Home Weatherization Assistance Program	17-126	81.042	Ohio Department Services Agency	0	227,344
Home Weatherization Assistance Program	18-126		Ohio Department Services Agency	0	212,038
<b>Total Federal Expenditures CFDA #81.042</b>				<b>0</b>	<b>439,382</b>

# WSOS Community Action Commission, Inc.

## Schedule A-6

### Schedule of Expenditures of Federal, State, and Local Awards

Year Ended September 30, 2018

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
<b>DEPARTMENT OF EDUCATION</b>					
Help Me Grow - Wood County	None	84.181	Ohio Department of Health	0 (	87)
Help Me Grow - Wood Co Intervention Outreach	None		Ohio Department of Health	0	4,250
Help Me Grow - Wood County	None		Ohio Department of Health	0	145,523
<b>Total Federal Expenditures CFDA #84.181</b>				<b>0</b>	<b>149,686</b>
<b>TOTAL DEPARTMENT OF EDUCATION PROGRAMS</b>				<b>0</b>	<b>149,686</b>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
<b>Aging Cluster:</b>					
Older American Act - Title IIIB	N/A	93.044	Area Office on Aging of NW Ohio	<b>0</b>	<b>52,643</b>
Older American Act - Title IIIC	N/A	93.045	Area Office on Aging of NW Ohio	<b>0</b>	<b>161,017</b>
<b>Total Federal Expenditures Aging Cluster CFDA #93.044, #93.045</b>				<b>0</b>	<b>213,660</b>
<b>TANF Cluster:</b>					
Early Childhood Daycare	None	93.558	OH Department of Job & Family Services	0	137,440
Erie County TANF	18-273		Erie Co. Job & Family Services	0	29,568
Sandusky County TANF	2018-195		Sandusky Co. Job & Family Services	0	42,451
Wood County CCMEP	17-648		Wood Co. Job & Family Services	0	188,543
Hancock County CCMEP	340-17		Hancock Co. Job & Family Services	0	53,860
Ottawa County TANF	2018-2019		Ottawa Co. Job & Family Services	0	41,794
Healthier Buckeye Council	None		Sandusky Co. Healthier Buckeye Council	0	62,582

# WSOS Community Action Commission, Inc.

## Schedule A-7

### Schedule of Expenditures of Federal, State, and Local Awards

Year Ended September 30, 2018

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
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</b>					
Ohio Fatherhood Initiative	G-1819-17-0315	93.558	OH Department of Job & Family Services	0	107,325
Ohio Fatherhood Initiative	G-1819-17-0315		OH Department of Job & Family Services	0	28,391
<b>Total Federal Expenditures TANF Cluster CFDA #93.558</b>				<b>0</b>	<b>691,954</b>
Home Energy Assistance Program	18-HA-138	93.568	Ohio Department Services Agency	0	468,632
Home Energy Assistance Program	18-HE-238		Ohio Department Services Agency	0	485,469
Home Energy Assistance Program	18-HC-238		Ohio Department Services Agency	0	82,181
Home Energy Assistance Program	19-HA-138		Ohio Department Services Agency	0	39,594
Home Weatherization Assistance Program	17-126		Ohio Department Services Agency	0	841,896
Home Weatherization Assistance Program	18-126		Ohio Department Services Agency	0	112,342
Home Weatherization Assistance Enhancement	18-HE-126		Ohio Department Services Agency	0	2,530
<b>Total Federal Expenditures CFDA #93.568</b>				<b>0</b>	<b>2,032,644</b>
Community Services Block Grant (CSBG)	1617-44	93.569	Ohio Department Services Agency	0	85,593
Community Services Block Grant (CSBG)	1819-44		Ohio Department Services Agency	0	486,715
<b>Total Federal Expenditures CFDA #93.569</b>				<b>0</b>	<b>572,308</b>
Rural Community Facilities Development	90EF0082-03-00	93.570	U.S. Department of Health and Human Services	<b>384,900</b>	<b>1,029,922</b>
<b>CCDF Cluster:</b>					
Step Up To Quality	None	93.575	Ohio Child Care Resource & Referral Association	<b>0</b>	<b>7,810</b>
Head Start Full-Year, Part-Day Handicapped, Training and Technical Assistance	05CH8355/04	93.600	U.S. Department of Health and Human Services	0	5,254,113

See Independent Auditor's Report.

# WSOS Community Action Commission, Inc.

## Schedule A-8

### Schedule of Expenditures of Federal, State, and Local Awards

Year Ended September 30, 2018

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
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</b>					
Head Start Full-Year, Part-Day Handicapped, Training and Technical Assistance	05CH8355/05	93.600	U.S. Department of Health and Human Services	0	1,355,689
Lucas Co. Head Start	05CH8473/002		Toledo Public Schools	0	430,019
Lucas Co. Head Start	05CH8473-05-02		Toledo Public Schools	0	1,278,655
Early Head Start-Child Care Provider Program	05HP0019-03-00		U.S. Department of Health and Human Services	897,756	1,806,300
Early Head Start-Child Care Provider Program Expansion	05HP000107-01-00		U.S. Department of Health and Human Services	0	2,772,853
Early Head Start-Child Care Provider Program Expansion	05HP000107-02-00		U.S. Department of Health and Human Services	0	186,571
Early Head Start-Child Care Provider Program			U.S. Department of Health and Human Services	117,562	317,624
<b>Total Federal Expenditures CFDA #93.600</b>				<b>1,015,318</b>	<b>13,401,824</b>
<b>Medicaid Cluster:</b>					
Medicaid Title XIX (Sandusky County)	None	93.778	Sandusky Co. Dept. of Jobs & Family Services	<b>0</b>	<b>324,672</b>
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES PROGRAMS</b>				<b>1,400,218</b>	<b>18,274,794</b>
<b>TOTAL FEDERAL EXPENDITURES</b>				<b>\$ 2,272,488</b>	<b>\$ 31,690,212</b>

# WSOS Community Action Commission, Inc.

## Schedule A-9

### Schedule of Expenditures of Federal, State, and Local Awards

Year Ended September 30, 2018

State and Local Programs	Funding Source/ Pass-Through Entity	State and Local Expenditures
Ohio Housing Trust Fund	Ohio Department Services Agency	44,816
Ohio Housing Trust Fund	Ohio Department Services Agency	79,667
Homeless Crisis Response Program	Ohio Department Services Agency	40,457
Homeless Crisis Response Program	Ohio Department Services Agency	318,091
Homeless Crisis Response Program	Ohio Department Services Agency	99,431
Percentage of Income Payment Plan	Ohio Development Services Agency	15,889
Percentage of Income Payment Plan	Ohio Development Services Agency	7,654
Sandusky Seniors Programs	Area Office on Aging of NW Ohio	256,874
Sandusky Seniors Programs	Area Office on Aging of NW Ohio	731,210
Powerful Parenting	Sandusky County Board of Commissioners	3,000
Capital Replacement Funds	Sandusky County Board of Commissioners	2,337
Strong Families Safe Communities	Sandusky County Board of Commissioners	33,000
Strong Families Safe Communities	Sandusky County Board of Commissioners	6,384
Ohio Water Development Authority	Ohio Water Development Authority	459,730
Ohio Water Development Authority	Ohio Water Development Authority	145,689
After School Programs	Sandusky Co. United Way	216
Help Me Grow - Wood County	United Way - Wood County	15,154
Child Care Services	Sandusky Co. Job & Family Services	4,157
T.R.I.P.S.	Ohio Department of Transportation	311,188
Mobility Manager	Ohio Department of Transportation	4,000
20th Century Learning Grant - Middle School/Clyde Elementary	Clyde City Schools	33,821
21st Century Learning Grant - Middle School/Clyde Elementary	Clyde City Schools	136,364

# WSOS Community Action Commission, Inc.

## Schedule A-10

### Schedule of Expenditures of Federal, State, and Local Awards

Year Ended September 30, 2018

State and Local Programs	Funding Source/ Pass-Through Entity	State and Local Expenditures
20th Century Learning Grant - High School	Fremont City Schools	17,671
21st Century Learning Grant - High School	Fremont City Schools	129,004
State Tech Center Grant	Terra Community College	662,455
State Tech Center Grant I	Terra Community College	49,250
Neighborhood Initiative Program	Ohio Housing Finance Agency	13,971
HSTS Grant	Seneca County Commissioners	26,750
	<b>Total State and Local Expenditures</b>	<b><u>\$ 3,648,230</u></b>

#### 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, 2018. 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.

##### Note 4 - Balance of Outstanding Loans

The United States Department of Agriculture (USDA) Facility Loan Grant is reported above under CFDA #10.766 with \$3,669,608 in federal expenditures during the year ended September 30, 2018. The loan balance at September 30, 2018 was \$3,584,859.



## **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, 2018, 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 June 11, 2019.

### **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

June 11, 2019  
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, 2018. 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, 2018.

## 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*

Wipfli LLP

June 11, 2019  
Madison, Wisconsin

# WSOS Community Action Commission, Inc.

## Schedule of Findings and Questioned Costs

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### 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:

<u>Name of Federal Major Program or Cluster</u>	<u>CFDA No.</u>
Community Facilities Loan and Training and Technical Assistance	10.766
H-1B Job Training Grants	17.268
Low Income Home Energy Assistance Program	93.568
Community Services Block Grant Discretionary Award	93.570

Dollar threshold used to distinguish between Type A and Type B programs:	
Federal	\$950,706
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