

Great Lakes Community Action Partnership

Fremont, Ohio

Financial Statements and Supplementary
Information

Year Ended September 30, 2019

Great Lakes Community Action Partnership

Financial Statements and Supplementary Information
Year Ended September 30, 2019

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Independent Auditor's Report

Board of Directors
Great Lakes Community Action Partnership
Fremont, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of Great Lakes Community Action Partnership, which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; 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 Great Lakes Community Action Partnership as of September 30, 2019, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, Great Lakes Community Action Partnership adopted the amendments in Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities – Presentation of Financial Statements for Not-for-Profit Entities*, as of and for the year ended September 30, 2019.

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 9, 2020, on our consideration of Great Lakes Community Action Partnership'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 Great Lakes Community Action Partnership'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 Great Lakes Community Action Partnership's internal control over financial reporting and compliance.



Wipfli LLP

June 9, 2020
Madison, Wisconsin

Great Lakes Community Action Partnership

Statement of Financial Position

September 30, 2019

| Assets | |
|---|----------------------|
| Current assets: | |
| Cash and cash equivalents | \$ 2,985,365 |
| Investments | 928,645 |
| Accounts receivable, net | 684,689 |
| Grants receivable | 4,542,267 |
| Revolving loans receivable - Current, net | 54,676 |
| Loans receivable - Current | 14,062 |
| Prepaid expenses | 360,467 |
| Advance deposit | 313,742 |
| Other assets | 110,107 |
| Total current assets | 9,994,020 |
| <hr/> | |
| Property and equipment, net | 6,959,733 |
| Long-term assets: | |
| Revolving loans receivable - Long-term, net | 424,498 |
| Loans receivable - Long-term | 175,709 |
| Loans receivable - Related parties, net | 3,001,721 |
| Total long-term assets | 3,601,928 |
| <hr/> | |
| TOTAL ASSETS | \$ 20,555,681 |

See accompanying notes to financial statements.

Great Lakes Community Action Partnership

Statement of Financial Position (Continued)

September 30, 2019

| <i>Liabilities and Net Assets</i> | |
|---|----------------------|
| Current liabilities: | |
| Notes payable - Current portion | \$ 116,193 |
| Loans payable - Current portion | 14,062 |
| Accounts payable | 1,601,063 |
| Accrued payroll and related expenses | 766,080 |
| Accrued vacation | 649,437 |
| Grant funds received in advance | 939,065 |
| Other liabilities | 457,517 |
| Total current liabilities | 4,543,417 |
| Long-term liabilities: | |
| Notes payable | 3,794,807 |
| Loans payable | 175,709 |
| Loans payable - Related parties | 3,001,721 |
| Total long-term liabilities | 6,972,237 |
| Total liabilities | 11,515,654 |
| Net assets: | |
| Net assets without donor restrictions | 6,181,429 |
| Net assets without donor restrictions - Designated for self insurance | 1,872,884 |
| Net assets without donor restrictions - Board designated | 245,960 |
| Total net assets without donor restrictions | 8,300,273 |
| Net assets with donor restrictions | 739,754 |
| Total net assets | 9,040,027 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 20,555,681 |

See accompanying notes to financial statements.

Great Lakes Community Action Partnership

Statement of Activities

Year Ended September 30, 2019

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|----------------------------------|-------------------------------|---------------|
| Revenue: | | | |
| Grant revenue: | | | |
| Federal | \$ 27,161,115 | \$ 0 | \$ 27,161,115 |
| Other | 3,102,752 | 143,750 | 3,246,502 |
| Total grant revenue | 30,263,867 | 143,750 | 30,407,617 |
| Investment income | 28,080 | 0 | 28,080 |
| Loan interest income | 207,113 | 6,778 | 213,891 |
| Program income | 4,827,412 | 0 | 4,827,412 |
| Donations | 110,865 | 2,903 | 113,768 |
| Rental income | 94,171 | 0 | 94,171 |
| Gain on disposal of property and equipment | 198,702 | 0 | 198,702 |
| Miscellaneous revenue | 83,739 | 26,814 | 110,553 |
| In-kind contributions | 17,776 | 0 | 17,776 |
| Net assets released from restriction through satisfaction of program restrictions | 22,266 | (22,266) | 0 |
| Total revenue | 35,853,991 | 157,979 | 36,011,970 |
| Program activities: | | | |
| Child development | 14,101,397 | 0 | 14,101,397 |
| Adult and youth development | 4,858,278 | 0 | 4,858,278 |
| Community development | 6,481,391 | 0 | 6,481,391 |
| Housing and energy | 3,671,018 | 0 | 3,671,018 |
| Seniors | 1,368,002 | 0 | 1,368,002 |
| TRIPS | 1,138,232 | 0 | 1,138,232 |
| Corporate programs | 589,989 | 0 | 589,989 |
| Housing and workforce development | 499,786 | 0 | 499,786 |
| Total program activities | 32,708,093 | 0 | 32,708,093 |
| Management and general | 2,467,426 | 0 | 2,467,426 |
| Fundraising | 18,213 | 0 | 18,213 |
| Total expenses | 35,193,732 | 0 | 35,193,732 |
| Change in net assets | 660,259 | 157,979 | 818,238 |
| Net assets - Beginning of year | 7,640,014 | 581,775 | 8,221,789 |
| Net assets - End of year | \$ 8,300,273 | \$ 739,754 | \$ 9,040,027 |

See accompanying notes to financial statements.

Great Lakes Community Action Partnership

Statement of Functional Expenses

Year Ended September 30, 2019

| | Program Activities | Management and General | Fundraising | Total |
|--------------------------|-------------------------------|-----------------------------------|--------------------|----------------------|
| Personnel | \$ 16,988,649 | \$ 1,900,404 | \$ 0 | \$ 18,889,053 |
| Participant costs | 283,230 | 0 | 0 | 283,230 |
| Donated services | 14,390 | 0 | 0 | 14,390 |
| Training | 263,569 | 19,354 | 0 | 282,923 |
| Consultants | 3,259,168 | 91,641 | 0 | 3,350,809 |
| Subrecipients | 3,080,121 | 0 | 0 | 3,080,121 |
| Travel | 942,365 | 16,443 | 0 | 958,808 |
| Transportation | 293,132 | 0 | 0 | 293,132 |
| Space costs | 798,671 | 147,833 | 900 | 947,404 |
| Operating costs | 1,706,940 | 169,392 | 14,608 | 1,890,940 |
| Food | 779,795 | 0 | 0 | 779,795 |
| Weatherization materials | 811,987 | 0 | 0 | 811,987 |
| Equipment | 148,000 | 0 | 0 | 148,000 |
| Depreciation | 670,927 | 437 | 0 | 671,364 |
| Miscellaneous | 729,814 | 121,922 | 0 | 851,736 |
| Interest expense | 157,466 | 0 | 0 | 157,466 |
| Emergency assistance | 1,779,869 | 0 | 2,705 | 1,782,574 |
| Total expenses | \$ 32,708,093 | \$ 2,467,426 | \$ 18,213 | \$ 35,193,732 |

See accompanying notes to financial statements.

Great Lakes Community Action Partnership

Statement of Cash Flows Year Ended September 30, 2019

Increase (decrease) in cash and cash equivalents:

Cash flows from operating activities:

Change in net assets \$ 818,238

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

Depreciation 671,364

Gain on disposal of property and equipment (198,702)

Provision for loan loss - Revolving loans 17,306

Provision for loan loss - Related parties 91,891

Recovery of bad debt (26,257)

Interest earned on loans receivable - Related parties (143,533)

Interest accrued on loans payable - Related parties 51,642

Unrealized and realized gain on investments (8,534)

Changes in operating assets and liabilities:

Grants receivable (1,261,556)

Accounts receivable 751,118

Prepaid expenses (55,343)

Advance deposit (17,418)

Other assets (5,844)

Accounts payable (326,850)

Accrued payroll and related expenses 98,744

Accrued vacation (125,094)

Grant funds received in advance 240,059

Other liabilities 127,474

Net cash provided by operating activities 698,705

Great Lakes Community Action Partnership

Statement of Cash Flows (Continued)

Year Ended September 30, 2019

| | |
|---|--------------|
| Cash flows from investing activities: | |
| Capital expenditures | (288,643) |
| Proceeds from sales and maturities of investments | 63,921 |
| Purchase of investments | (73,317) |
| Issuance of revolving loans | (165,231) |
| Principal payments received on revolving loans | 147,837 |
| Proceeds from sale of property and equipment | 383,600 |
| Net cash provided by investing activities | 68,167 |
| | |
| Cash flows from financing activities: | |
| Principal payments on notes payable | (118,791) |
| Proceeds from notes payable | 330,392 |
| Net cash provided by financing activities | 211,601 |
| | |
| Change in cash and cash equivalents | 978,473 |
| Cash and cash equivalents - Beginning of year | 2,006,892 |
| Cash and cash equivalents - End of year | \$ 2,985,365 |

Supplemental cash flow information:

| | |
|----------------------------|-----------|
| Interest paid and expensed | \$ 96,056 |
|----------------------------|-----------|

Supplemental schedule of non-cash activities:

| | |
|--|--------------|
| Release of loan receivable/payable obligations through transfer of ownership | \$ 4,196,251 |
|--|--------------|

Great Lakes Community Action Partnership

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Great Lakes Community Action Partnership (GLCAP) 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. GLCAP 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.

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.

Community Development, serving rural Ohio communities for 39 years, provides free and low-cost services to help rural communities address their planning, infrastructure and economic development needs. Each year, GLCAP'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 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.

Great Lakes Community Action Partnership

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Nature of Operations (Continued)

The Sandusky County Senior Services Program is designed to serve seniors ages 60 and over, and their spouses, regardless of age. GLCAP 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.

The Transportation Resources for Independent Persons in Sandusky County (TRIPS) program, administered by GLCAP, 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.

In addition, GLCAP 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 C Note 17.

GLCAP has a 75% ownership interest in the following subsidiaries:

- 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

GLCAP 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

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.

Approximately 49% GLCAP's federal grant funding is received under GLCAP's federal Head Start program.

Basis of Presentation

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

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.

Great Lakes Community Action Partnership

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Classification of Net Assets

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

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of the contribution. The governing board has designated, from net assets without donor restrictions, a self-insurance reserve and a general board designated reserve.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are transferred to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Generally, the donors of these assets permit GLCAP to use all or part of the income earned on any related investments for general or specific purposes.

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to GLCAP that is, in substance, unconditional. Contributions received are recorded as with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions 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 GLCAP. 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.

Great Lakes Community Action Partnership

Notes to Financial Statements

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, GLCAP 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, 2019, GLCAP has recorded an allowance of \$31,091 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 net assets without donor restrictions in the statement of activities unless their use is restricted by explicit donor stipulations or law. Investment fees, if any, are netted against investment return.

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, 2019, GLCAP 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.

Great Lakes Community Action Partnership

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revolving Loans Receivable

GLCAP 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 net assets with donor restrictions. 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 GLCAP 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 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. Impairment for household well water loans are measured collectively per the grant requirement to maintain a 6% allowance account.

Great Lakes Community Action Partnership

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Loans Receivable/Loans Payable

GLCAP 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. GLCAP 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. Certain households with income less than or equal to 65% of the Area Median Income qualified for the Ohio Housing Development Assistance Program. This program provided funding for low income housing units. As part of the purchase contract, one fifteenth of the principal sum of the development assistance loan is forgiven each year for up to fifteen years.

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. GLCAP 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 support without donor restrictions 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, GLCAP reports expirations of donor restrictions when the donated assets are placed in service.

Property and equipment purchased with grant funds are owned by GLCAP 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 \$5,970,141 at September 30, 2019.

Income Taxes

GLCAP 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.

GLCAP 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. GLCAP has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

Functional Allocation

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and related benefits have been allocated based on estimated time spent in program and supporting services. Other costs are directly charged when possible.

Great Lakes Community Action Partnership

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 GLCAP' grant awards. During the year ended September 30, 2019, GLCAP received \$17,776 of such contributions, primarily for its Aging, Nutrition, and Head Start programs. In addition, GLCAP received contributions of nonprofessional volunteer services during the year with an approximate value of \$2,241,000 primarily for its Aging, Nutrition, and Head Start programs. The nonprofessional volunteer services are not reported in the statement of activities.

Change in Accounting Policy

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.

New Accounting Pronouncements

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, 2019. GLCAP 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, 2021, with early adoption permitted. ASU No. 2016-02 must be applied modified retrospectively. GLCAP is currently evaluating the impact of the provisions of ASU Topic 842.

On June 21, 2018, the FASB issued ASU 2019-08, *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.

Great Lakes Community Action Partnership

Notes to Financial Statements

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, for transactions in which the entity serves as the resource recipient and for fiscal years beginning after December 15, 2019, for transactions in which the entity serves as the resource provider. Early application of the amendments in this update is permitted. GLCAP is currently evaluating the impact of the provisions of ASU Topic 958.

Note 2: Concentration of Credit Risk

GLCAP 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 | \$ 4,237,537 |
| State and local programs | 304,730 |
| Total grants receivable | \$ 4,542,267 |

Note 4: Investments

Investments consist of mutual funds. The fair value of these securities as of September 30, 2019, are as follows:

| | Fair Value |
|---------------------------|-------------------|
| Fixed income mutual funds | \$ 336,604 |
| Equity mutual funds | 592,041 |
| Totals | \$ 928,645 |

Investment income as of September 30, 2019, consists of the following:

| | |
|---|------------------|
| Interest and dividend income - Investments | \$ 26,163 |
| Unrealized and realized gain on investments | 8,534 |
| Investment fees | (6,617) |
| Net investment income | \$ 28,080 |

Great Lakes Community Action Partnership

Notes to Financial Statements

Note 5: Property and Equipment

A summary of property and equipment is as follows:

| | | |
|------------------------------------|-----------|------------------|
| Land | \$ | 115,923 |
| Buildings and improvements | | 7,743,318 |
| Furniture, fixtures, and equipment | | 3,438,880 |
| Computers | | 185,186 |
| Total | | 11,483,307 |
| Accumulated depreciation | (| 4,523,574) |
| Property and equipment, net | \$ | 6,959,733 |

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, 2019, 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 | \$ 336,604 | \$ 336,604 | \$ 0 | \$ 0 |
| Equity mutual funds | 592,041 | 592,041 | 0 | 0 |
| Total | \$ 928,645 | \$ 928,645 | \$ 0 | \$ 0 |

Note 7: Revolving Loans Receivable

GLCAP 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.

Great Lakes Community Action Partnership

Notes to Financial Statements

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 GLCAP Board's approval. The loans can be used for, but are not limited to, working capital, creating jobs, inventory, equipment, etc.

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 GLCAP 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 | \$ | 288,434 |
| Community loan fund (Safe Water) loans | | 96,801 |
| RHED Loans | | 69,299 |
| Daycare Loans | | 33,827 |
| Business Loans | | 8,119 |
| | | <u>496,480</u> |
| Less: Allowance for revolving loans receivable | | <u>17,306</u> |
| Total revolving loans receivable | \$ | <u>479,174</u> |
| Revolving loans receivable - Current | \$ | 54,676 |
| Revolving loans receivable - Long-term | | 424,498 |
| Total revolving loans receivable | \$ | <u>479,174</u> |

Revolving loan classifications at September 30, 2019 consist of the following:

| | | |
|-------------------------------|----|----------------|
| Jobs and business development | \$ | 399,679 |
| Economic development | | 96,801 |
| Subtotals | | <u>496,480</u> |

Great Lakes Community Action Partnership

Notes to Financial Statements

Note 7: Revolving Loans Receivable (Continued)

| | | |
|--|-----------|----------------|
| Allowance for loan losses - Job and business development | (| 17,306) |
| Allowance for loan losses - Economic development | (| 0) |
| Revolving loans receivable, net | \$ | 479,174 |

An analysis of the allowance for loan losses for the job and business development loans for the year ended September 30, 2019, is as follows:

| | | |
|--|-----------|---------------|
| Balance at beginning of year | \$ | 41,228 |
| Loans charged off | (| 14,971) |
| Recoveries of loans previously charged off | (| 26,257) |
| Provision for loan loss | | 17,306 |
| Balance at September 30, 2019 | \$ | 17,306 |

Detailed analysis of loans evaluated for impairment as of September 30, 2019, is as follows:

| | Jobs and Bus. Devel. | Economic Development | Totals |
|---------------------------------------|---------------------------------|---------------------------------|-------------------|
| Loans: | | | |
| Individually evaluated for impairment | \$ 111,245 | \$ 96,801 | \$ 208,046 |
| Collectively evaluated for impairment | 288,434 | 0 | 288,434 |
| Totals | \$ 399,679 | \$ 96,801 | \$ 496,480 |

| | Jobs and Bus. Devel. | Economic Development | Totals |
|---------------------------------------|---------------------------------|---------------------------------|------------------|
| Related Allowance for Loan Losses: | | | |
| Individually evaluated for impairment | \$ 0 | \$ 0 | \$ 0 |
| Collectively evaluated for impairment | 17,306 | 0 | 17,306 |
| Totals | \$ 17,306 | \$ 0 | \$ 17,306 |

There were no impaired loans without a related allowance for loan loss as of September 30, 2019.

GLCAP regularly evaluates attributes of loans to determine the appropriateness of the allowance for loan losses. Jobs and business development and economic development 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, 2019, is as follows:

| | Performing | Nonperforming | Totals |
|-------------------------------|-------------------|----------------------|-------------------|
| Credit exposure: | | | |
| Economic development | \$ 96,801 | \$ 0 | \$ 96,801 |
| Jobs and business development | 382,373 | 17,306 | 399,679 |
| Totals | \$ 479,174 | \$ 17,306 | \$ 496,480 |

As of September 30, 2019, GLCAP has placed all non-performing loans on non-accrual status.

Great Lakes Community Action Partnership

Notes to Financial Statements

Note 7: Revolving Loans Receivable (Continued)

When, for economic or legal reasons related to the borrower's financial difficulties, GLCAP grants a concession to the borrower that GLCAP 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.

There were no modifications of loans that are classified as troubled debt restructurings during the year ended September 30, 2019.

No troubled debt restructurings defaulted during the year ended September 30, 2019, within 12 months of their modification date.

Note 8: Loans Receivable/Loans Payable

GLCAP provided six loans totaling \$248,550 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 | \$ 189,771 |
| Less: Allowance for uncollectable amounts | 0 |

| | |
|-------------------------------|-------------------|
| <u>Total loans receivable</u> | <u>\$ 189,771</u> |
|-------------------------------|-------------------|

| | |
|------------------------------|-----------|
| Loans receivable - Current | \$ 14,062 |
| Loans receivable - Long-term | 175,709 |

| | |
|-------------------------------|-------------------|
| <u>Total loans receivable</u> | <u>\$ 189,771</u> |
|-------------------------------|-------------------|

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.

| | |
|--|------------|
| GLCAP has a loan receivable from the homeowners for the same amount as the mortgage payable. | \$ 189,771 |
|--|------------|

| | |
|-------|---------|
| Total | 189,771 |
|-------|---------|

| | |
|-----------------|-----------|
| Current portion | (14,062) |
|-----------------|-----------|

| | |
|--------------------------------|-------------------|
| <u>Long-term loans payable</u> | <u>\$ 175,709</u> |
|--------------------------------|-------------------|

Great Lakes Community Action Partnership

Notes to Financial Statements

Note 8: Loans Receivable/Loans Payable (Continued)

Future principal payments due on loans payable at September 30, 2019, are as follows:

| | | |
|--------------|-----------|----------------|
| 2020 | \$ | 14,062 |
| 2021 | | 14,062 |
| 2022 | | 14,062 |
| 2023 | | 14,062 |
| 2024 | | 12,829 |
| Thereafter | | 120,694 |
| Total | \$ | 189,771 |

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, 2019:

| Housing Entity | Amount | Accrued Interest | Allowance for Uncollectible Amounts | Loans Receivable Net | Due Date |
|--------------------------|---------------------------|---------------------------|-------------------------------------|----------------------------|----------|
| Tremont Greene, LLC | \$ 550,000 | \$ 763,476 | \$ 576,232 | \$ 737,244 | 08/2049 |
| Lake Towne, LLC | 550,000 | 135,302 | 0 | 685,302 | 12/2039 |
| Port Clinton Pointe, LLC | 549,000 | 411,079 | 266,637 | 693,442 | 12/2054 |
| Bellevue Housing, LP | 500,000 | 11,060 | 0 | 511,060 | 10/2059 |
| Commons at Little Bark | 350,000 | 24,673 | 0 | 374,673 | 10/2055 |
| Totals | <u>\$2,499,000</u> | <u>\$1,345,590</u> | <u>\$ 842,869</u> | <u>\$ 3,001,721</u> | |

All of the loans receivable listed in this note are from related parties and are considered in the related party loan class for evaluation purposes. GLCAP regularly evaluates various attributes of loans to determine the appropriateness of the allowance for loan loss. GLCAP's related party class of loans is generally evaluated based on whether the loan is performing according to the contractual terms of the loan or not and the financial condition of the partnership. GLCAP has not identified any loans that are nonperforming.

An analysis for the allowance for uncollectible amounts for the years ended September 30, 2019, is as follows:

| | |
|--------------------------------------|--------------------------|
| Balance at beginning of year | \$ 2,548,472 |
| Release of loan loss provision | (1,797,494) |
| Provision for loan loss | 91,891 |
| Balance at September 30, 2019 | <u>\$ 842,869</u> |

Great Lakes Community Action Partnership

Notes to Financial Statements

Note 10: Loans Payable – Related Parties

Loans payable – related parties represent loans provided to GLCAP 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. In the 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). GLCAP 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, 2019:

| Housing Entity | Amount | Accrued Interest | Loans Payable Net | Affordability End Date |
|--------------------------|--------------------|-------------------|--------------------|------------------------|
| Tremont Greene, LLC | \$ 550,000 | \$ 187,244 | \$ 737,244 | 08/2049 |
| Lake Towne, LLC | 550,000 | 135,302 | 685,302 | 12/2039 |
| Port Clinton Pointe, LLC | 549,000 | 144,442 | 693,442 | 12/2054 |
| Bellevue Housing, LP | 500,000 | 11,060 | 511,060 | 10/2059 |
| Commons at Little Bark | <u>350,000</u> | <u>24,673</u> | <u>374,673</u> | 10/2055 |
| Totals | <u>\$2,499,000</u> | <u>\$ 502,721</u> | <u>\$3,001,721</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. \$ 100,632

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 the full \$4.0 million drawn to date. Semi-annual payments of \$95,840, including interest, due December, 2046. The mortgage is collateralized by real estate. 3,810,368

| | |
|---------------------|--------------|
| Total notes payable | \$ 3,911,000 |
| Current portion | (116,193) |

| | |
|--------------------------------|---------------------|
| <u>Long-term notes payable</u> | <u>\$ 3,794,807</u> |
|--------------------------------|---------------------|

Future principal payments due on the notes payable outstanding at September 30, 2019, are as follows:

| | |
|------------|------------------|
| 2020 | \$ 116,193 |
| 2021 | 119,213 |
| 2022 | 122,315 |
| 2023 | 125,501 |
| 2024 | 128,774 |
| Thereafter | <u>3,299,004</u> |

| | |
|---------------------------|---------------------|
| <u>Total note payable</u> | <u>\$ 3,911,000</u> |
|---------------------------|---------------------|

Great Lakes Community Action Partnership

Notes to Financial Statements

Note 12: Net Assets with Donor Restrictions

Net assets with donor restrictions are to be used to alleviate conditions of poverty and consist of the following programs:

| | | |
|----------------------------|----|---------|
| State and local | \$ | 701,526 |
| Conditional and foundation | | 38,228 |

| | | |
|-------|----|---------|
| Total | \$ | 739,754 |
|-------|----|---------|

Net assets released from restrictions during the year consist of the following:

| | | |
|----------------------------|----|--------|
| State and local | \$ | 12,962 |
| Conditional and foundation | | 9,304 |

| | | |
|-------|----|--------|
| Total | \$ | 22,266 |
|-------|----|--------|

Note 13: Self-Insurance Plan

GLCAP 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 GLCAP. On September 30, 2019, the required amount of the advance deposit was \$313,742 and this amount was fully funded by GLCAP. The advance deposit is maintained by Medical Mutual of Ohio until after the termination effective date, as defined within the agreement.

GLCAP 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 \$2,675,953 and the minimum recommended reserve is \$802,786. On September 30, 2019, the self-insurance reserve balance was \$1,872,884 or 233% of the minimum recommended, which is included in net assets without donor restrictions.

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, 2019, but paid subsequent to September 30, 2019. On September 30, 2019, GLCAP has recorded a liability of \$323,369. This liability balance is included in other current liabilities on the statement of financial position. In addition, GLCAP 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

GLCAP maintains a Tax Sheltered Annuity Retirement Plan for its employees. All employees are eligible to contribute to the plan through payroll deductions. Additionally, GLCAP 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, 2019, were \$707,334.

Great Lakes Community Action Partnership

Notes to Financial Statements

Note 15: Operating Leases

GLCAP leases various facilities and equipment for operation of its programs. Rent expense for the year ended September 30, 2019, was \$546,129. Future minimum lease payments on leases having terms beyond September 30, 2019, are as follows:

| | | |
|-------|----|-----------|
| 2020 | \$ | 490,715 |
| 2021 | | 230,794 |
| 2022 | | 110,247 |
| 2023 | | 105,868 |
| 2024 | | 77,106 |
| <hr/> | | |
| Total | \$ | 1,014,730 |

Note 16: Lessor Activity

GLCAP 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, 2019, was \$94,171. Future minimum lease payments to be received in 2020 are \$50,324.

A summary of the acquisition costs and accumulated depreciation on the property is as follows: land and building cost \$1,732,557, accumulated depreciation of \$1,172,397, for a net book value of \$560,160.

Note 17: Related Parties

As described in Note 1, GLCAP 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. During fiscal year 2019, GLCAP transferred its ownership in Leewood Place Housing Corporation, Laurelhurst Housing Corporation, and Laurel Green Housing Corporation to another organization. As a result, GLCAP 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.

The ownership percentages in the LLC's and LP's are as follows:

- 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

Great Lakes Community Action Partnership

Notes to Financial Statements

Note 17: Related Parties (Continued)

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, 2019, are as follows:

| | |
|--------------------|----------------|
| Assets | \$ 30,897,905 |
| Less - Liabilities | 17,170,318 |
| <hr/> | |
| Equity | 13,727,587 |
| <hr/> | |
| Net loss | (\$ 1,475,356) |
| <hr/> | |

Note 18: Grant Awards

At September 30, 2019, GLCAP had received commitments for funding under various grant awards of approximately \$27,100,000. Additionally, GLCAP has commitments for funding under various grant awards to subrecipients at September 30, 2019, of approximately \$2,021,000. These commitments are not recognized in the accompanying financial statements as they are conditional awards.

Note 19: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the statement of financial position date, comprise the following as of September 30, 2019:

| | |
|--|--------------|
| Cash and cash equivalents | \$ 2,985,365 |
| Investments | 928,645 |
| Accounts receivable, net | 684,689 |
| Grants receivable | 4,542,267 |
| <hr/> | |
| Subtotal financial assets | 9,140,966 |
| Less: Accounts payable | (1,601,063) |
| Less: Accrued payroll and related expenses | (766,080) |
| Less: Grant funds received in advance | (939,065) |
| Less: Net assets designated for self-insurance | (1,872,884) |
| Less: Net assets designated by the board | (245,960) |
| Less: Net assets with donor restrictions | (739,754) |
| <hr/> | |
| Total | \$ 2,976,160 |
| <hr/> | |

GLCAP does not have a formal liquidity policy but uses a guideline of maintaining financial assets in liquid form such as cash and cash equivalents for approximately three to four months of operating expenses. GLCAP also has grant commitments for future expenses of approximately \$27,100,000 as further described in Note 18.

Great Lakes Community Action Partnership

Notes to Financial Statements

Note 20: Subsequent Events

Subsequent events have been evaluated through June 9, 2020, which is the date the financial statements were available to be issued.

Beginning in March 2020, the United States economy began suffering adverse effects from the COVID-19 Crisis including financial markets, supply chains, businesses, and communities. Specific to GLCAP, COVID-19 may impact various parts of its 2020 operations and financial results. Management believes GLCAP is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

Supplementary Information

Great Lakes Community Action Partnership

Schedule A-1

Schedule of Expenditures of Federal, State, and Local Awards

Year Ended September 30, 2019

| 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 | 41-072-0340975934-21 | 10.446 | USDA Rural Development | 0 | 14,828 |
| | 41-072-0340975934-23 | | USDA Rural Development | 0 | 34,754 |
| | 41-072-0340975934-24 | | USDA Rural Development | 0 | 97,835 |
| | | | Total Federal Expenditures CFDA #10.446 | 0 | 147,417 |
| Child and Adult Care Food Program | IRN#-077222 | 10.558 | Ohio Department of Education/ School Food Service | 0 | 415,156 |
| Application & Development | 000C24001G162590 | 10.761 | RCAP, Inc. | 270,510 | 545,502 |
| RUS/Technitrain | 000C24001G161539 | | RCAP, Inc. | 416,257 | 1,113,611 |
| RUS/Technitrain | 000C24001G165256 | | RCAP, Inc. | 30,000 | 77,287 |
| Tribal Technitrain | 000C24001G161541 | | RCAP, Inc. | 0 | 54,484 |
| Tribal Technitrain | 000C24001G165268 | | RCAP, Inc. | 0 | 3,458 |
| | | | Total Federal Expenditures CFDA #10.761 | 716,767 | 1,794,342 |
| USDA Solid Waste | 000C24001G164937 | 10.762 | RCAP, Inc. | 118,240 | 136,400 |
| Community Facilities Loans and Grants Cluster: | | | | | |
| USDA Community Facilities | 41-072-392077778 | 10.766 | USDA Rural Development | 0 | 36,713 |
| USDA Community Facilities | File # 153709 | | USDA Rural Development | 0 | 330,392 |
| | | | Total Federal Expenditures Community Facilities Loans and Grants Cluster CFDA #10.766 | 0 | 367,105 |
| Household Water Well System | 41-072-0340975934-25 | 10.862 | USDA Rural Development | 0 | 143,750 |
| National WealthWorks Technical Assistance Program | RD-BU-18-02-RCAP | 10.890 | USDA Rural Development | 0 | 5,011 |
| TOTAL DEPARTMENT OF AGRICULTURE PROGRAMS | | | | 835,007 | 3,009,181 |

Great Lakes Community Action Partnership

Schedule A-2

Schedule of Expenditures of Federal, State, and Local Awards

Year Ended September 30, 2019

| 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 | HC180321014 | 14.169 | U.S. Department of HUD | <u>0</u> | <u>53,883</u> |
| Domestic Violence (HUD) | OH0420L5E071703 | 14.235 | U.S. Department of HUD | 0 | 123,008 |
| Domestic Violence (HUD) | OH0420L5E071804 | | U.S. Department of HUD | 0 | 108,114 |
| Permanent Supportive Housing (PSH) | OH0183L5E071710 | | U.S. Department of HUD | 0 | 377,503 |
| Permanent Supportive Housing (PSH) | OH0183L5E071811 | | U.S. Department of HUD | 0 | 124,453 |
| Permanent Supportive Housing (PSH) Expansion | OH0567L5E071701 | | U.S. Department of HUD | 0 | 271,382 |
| Total Federal Expenditures CFDA #14.235 | | | | <u>0</u> | <u>1,004,460</u> |
| CDBG Rural LISC | 42129-0022 | 14.252 | Local Initiatives Support Corporation | <u>0</u> | <u>22,750</u> |
| Rapid Conversion (HUD) | OH0592L5E071700 | 14.267 | U.S. Department of HUD | 0 | 220,030 |
| Rapid Conversion (HUD) | OH0420L5E071801 | | U.S. Department of HUD | 0 | 53,531 |
| Total Federal Expenditures CFDA #14.267 | | | | <u>0</u> | <u>273,561</u> |
| TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PROGRAMS | | | | <u>0</u> | <u>1,354,654</u> |
| DEPARTMENT OF LABOR | | | | | |
| WIOA Cluster: | | | | | |
| One Stop-Ottawa/Sandusky | 2018-2019 | 17.258 | Investment System (NRWIS) | <u>8,966</u> | <u>16,391</u> |
| Erie County WIOA Youth | 18-273 | 17.259 | Erie Co. Job and Family Services | 0 | 109,269 |
| Erie County WIOA Youth | 18.273 | | Erie Co. Job and Family Services | 0 | 24,847 |
| Sandusky County WIOA Youth | 2018-2019 | | Sandusky Co. Job and Family Services | 0 | 59,638 |
| Sandusky County WIOA Youth | 2018-2019-01 | | Sandusky Co. Job and Family Services | 0 | 14,803 |
| Ottawa County WIOA Youth | None | | Ottawa Co. Job and Family Services | 0 | 89,350 |
| Ottawa County WIOA Youth | None | | Ottawa Co. Job and Family Services | 0 | 40,021 |
| Total Federal Expenditures CFDA #17.259 | | | | <u>0</u> | <u>337,928</u> |
| Total Federal Expenditures WIOA Cluster CFDA #17.258, #17.259 | | | | <u>8,966</u> | <u>354,319</u> |

See Independent Auditor's Report.

Great Lakes Community Action Partnership

Schedule A-3

Schedule of Expenditures of Federal, State, and Local Awards

Year Ended September 30, 2019

| 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 | (431) | 13,139 |
| Youth Build | YB-32938-18-60-A-39 | 17.274 | Ohio Area 7 Workforce Development Area | 0 | 92,002 |
| Homeless Veterans Reintegration Program | HV-32296-18-60-5-39 | 17.805 | U.S. Department of Labor | 0 | 148,286 |
| TOTAL DEPARTMENT OF LABOR PROGRAMS | | | | 8,535 | 607,746 |
| DEPARTMENT OF STATE | | | | | |
| Minority Empowerment in Moldova Phase II | S-LMAQM-18-GR-2163 | 19.345 | U.S. Department of State | 109,966 | 161,576 |
| Professional Fellows Program | S-ECAGD-16-CA-1145 | 19.415 | U.S. Department of State | 8,000 | 7,085 |
| Professional Fellows Program | S-ECAGD-17-CA-1078 | | U.S. Department of State | 185,783 | 297,747 |
| Professional Fellows Program | S-ECAGD-18-CA-0019 | | U.S. Department of State | 27,254 | 204,058 |
| Professional Fellows Program | S-ECAGD-19-CA-0087 | | U.S. Department of State | 0 | 1,197 |
| Total Federal Expenditures CFDA #19.415 | | | | 221,037 | 510,087 |
| TOTAL DEPARTMENT OF STATE PROGRAMS | | | | 331,003 | 671,663 |

Great Lakes Community Action Partnership

Schedule A-4

Schedule of Expenditures of Federal, State, and Local Awards

Year Ended September 30, 2019

| 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-18-0100 | 20.509 | Ohio Dept. of Transportation | 0 | 108,391 |
| Rural Transit | 118-RPTF-19-0100 | | Ohio Dept. of Transportation | 0 | 371,471 |
| Rural Transit | 118-TTGR-16-0100 | | Ohio Dept. of Transportation | 0 | 79,529 |
| Total Federal Expenditures CFDA #20.509 | | | | 0 | 559,391 |
| Transit Services Program Cluster: | | | | | |
| Ohio Coordination - Mobility Manager | OCPX-0072-010-181 | 20.513 | Ohio Dept. of Transportation | 0 | 168,203 |
| Federal Transit Cluster: | | | | | |
| Capital and Capital Maintenance | 118-BABF-18-0200 | 20.526 | Ohio Dept. of Transportation | 0 | 44,237 |
| Capital | 118-BABF-19-0200 | | Ohio Dept. of Transportation | 0 | 61,736 |
| Total Federal Expenditures CFDA #20.526 | | | | 0 | 105,973 |
| TOTAL DEPARTMENT OF TRANSPORTATION PROGRAMS | | | | 0 | 833,567 |
| APPALACHIAN REGIONAL COMMISSION | | | | | |
| Appalachian Research Technical Assistance | OH-17152-C3-17 | 23.011 | Appalachian Regional Commission | 0 | 126,542 |

Great Lakes Community Action Partnership

Schedule A-5

Schedule of Expenditures of Federal, State, and Local Awards

Year Ended September 30, 2019

| 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. | <u>0</u> | <u>537,494</u> |
| ENVIRONMENTAL PROTECTION AGENCY | | | | | |
| US EPA | 83657001 | 66.424 | Environmental Protection Agency | 86,209 | 89,011 |
| US EPA | 83938701 | | Environmental Protection Agency | 74,137 | 255,410 |
| Total Federal Expenditures CFDA #66.424 | | | | <u>160,346</u> | <u>344,421</u> |
| US EPA Training and Technical Assistance | 83697601 | 66.436 | RCAP, Inc. | 0 | 70,565 |
| US EPA Training and Technical Assistance | 83938801 | | RCAP, Inc. | 0 | 48,021 |
| US EPA Waste Water | 83740001 | | RCAP, Inc. | 25,705 | 48,313 |
| US EPA Waste Water | 83938501 | | RCAP, Inc. | 30,587 | 98,960 |
| Total Federal Expenditures CFDA #66.436 | | | | <u>56,292</u> | <u>265,859</u> |
| Drinking Water State Revolving Fund Cluster: | | | | | |
| Small System Technical Assistance | FS985954-17 | 66.468 | Ohio Environmental Protection Agency | 0 | 379,609 |
| Small System Technical Assistance | FS985954-19 | | Ohio Environmental Protection Agency | 0 | 121,569 |
| Total Federal Expenditures Drinking Water State Revolving Fund Cluster CFDA #66.468 | | | | <u>0</u> | <u>501,178</u> |
| TOTAL ENVIRONMENTAL PROTECTION AGENCY PROGRAMS | | | | <u>216,638</u> | <u>1,111,458</u> |
| DEPARTMENT OF ENERGY | | | | | |
| Home Weatherization Assistance Program | 18-126 | 81.042 | Ohio Department Services Agency | 0 | 355,762 |
| Home Weatherization Assistance Program | 19-126 | | Ohio Department Services Agency | 0 | 306,214 |
| Total Federal Expenditures CFDA #81.042 | | | | <u>0</u> | <u>661,976</u> |

Great Lakes Community Action Partnership

Schedule A-6

Schedule of Expenditures of Federal, State, and Local Awards

Year Ended September 30, 2019

| 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 | | | | | |
| Aging Cluster: | | | | | |
| Older American Act - Title IIIB | N/A | 93.044 | Area Office on Aging of NW Ohio | 0 | 67,864 |
| Older American Act - Title IIIC | N/A | 93.045 | Area Office on Aging of NW Ohio | 882 | 167,056 |
| Total Federal Expenditures Aging Cluster CFDA #93.044, #93.045 | | | | 882 | 234,920 |
| TANF Cluster: | | | | | |
| Early Childhood Daycare | None | 93.558 | OH Department of Job & Family Services | 0 | 185,261 |
| Erie County TANF | 18-273 | | Erie Co. Job & Family Services | 0 | 122,717 |
| Erie County TANF | 18-273 | | Erie Co. Job & Family Services | 0 | 39,154 |
| Sandusky County TANF | 2018-195 | | Sandusky Co. Job & Family Services | 0 | 260,402 |
| Sandusky County TANF | 2018-195 | | Sandusky Co. Job & Family Services | 0 | 96,210 |
| Ottawa County TANF | 2018-2019 | | Ottawa Co. Job & Family Services | 0 | 78,207 |
| Ottawa County TANF | 2018-2019 | | Ottawa Co. Job & Family Services | 0 | 44,211 |
| Ohio Fatherhood Initiative | G-1819-17-0315 | | OH Department of Job & Family Services | 0 | 91,609 |
| Total Federal Expenditures TANF Cluster CFDA #93.558 | | | | 0 | 917,771 |

Great Lakes Community Action Partnership

Schedule A-7

Schedule of Expenditures of Federal, State, and Local Awards

Year Ended September 30, 2019

| 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) | | | | | |
| Home Energy Assistance Program | 19-HA-138 | 93.568 | Ohio Department Services Agency | 0 | 453,028 |
| Home Energy Assistance Program | 19-HE-238 | | Ohio Department Services Agency | 0 | 491,655 |
| Home Energy Assistance Program | 19-HC-238 | | Ohio Department Services Agency | 0 | 93,215 |
| Home Energy Assistance Program | 20-HA-138 | | Ohio Department Services Agency | 0 | 32,390 |
| Home Weatherization Assistance Program | 18-126 | | Ohio Department Services Agency | 0 | 818,458 |
| Home Weatherization Assistance Program | 19-126 | | Ohio Department Services Agency | 0 | 47,618 |
| Home Weatherization Assistance Enhancement | 18-HE-126 | | Ohio Department Services Agency | 0 | 208,397 |
| Home Weatherization Assistance Enhancement | 19-HE-126 | | Ohio Department Services Agency | 0 | 32,166 |
| Total Federal Expenditures CFDA #93.568 | | | | 0 | 2,176,927 |
| Community Services Block Grant (CSBG) | 1819-44 | 93.569 | Ohio Department Services Agency | 0 | 339,073 |
| Rural Community Facilities Development | 90EF0082-04-00 | 93.570 | U.S. Department of Health and Human Services | 414,765 | 1,094,438 |
| Rural Community Facilities Development Regionalization | None | | U.S. Department of Health and Human Services | 0 | 104,132 |
| Total Federal Expenditures CFDA #93.570 | | | | 414,765 | 1,198,570 |
| CCDF Cluster: | | | | | |
| Step Up To Quality | None | 93.575 | Ohio Child Care Resource & Referral Association | 0 | 3,750 |

Great Lakes Community Action Partnership

Schedule A-8

Schedule of Expenditures of Federal, State, and Local Awards

Year Ended September 30, 2019

| 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 | 05CH8355/05 | 93.600 | U.S. Department of Health and Human Services | 0 | 5,450,596 |
| Head Start Full-Year, Part-Day Handicapped, Training and Technical Assistance | 05CH011180/01 | | U.S. Department of Health and Human Services | 0 | 1,379,659 |
| Lucas Co. Head Start | 05CH8473-05-02 | | Toledo Public Schools | 0 | 304,278 |
| Lucas Co. Head Start | 05CH8473-05-02 | | Toledo Public Schools | 0 | 942,529 |
| Lucas Co. Head Start | 05CH011027-01 | | Toledo Public Schools | 0 | 492,954 |
| Early Head Start-Child Care Provider Program | 05HP0019-04-00 | | U.S. Department of Health and Human Services | 981,877 | 1,717,621 |
| Early Head Start-Child Care Provider Program | 05HP00308-01-00 | | U.S. Department of Health and Human Services | 119,533 | 279,897 |
| Early Head Start-Child Care Provider Program Expansion | 05HP000107-02-00 | | U.S. Department of Health and Human Services | 0 | 1,999,134 |
| Early Head Start-Child Care Provider Program | 05HP000128-01-00 | | U.S. Department of Health and Human Services | 0 | 846,201 |
| Total Federal Expenditures CFDA #93.600 | | | | 1,101,410 | 13,412,869 |
| Medicaid Cluster: | | | | | |
| Medicaid Title XIX (Sandusky County) | None | 93.778 | Sandusky Co. Dept. of Jobs & Family Services | 0 | 293,346 |
| TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES PROGRAMS | | | | 1,517,057 | 18,577,226 |
| TOTAL FEDERAL EXPENDITURES | | | | \$ 2,908,240 | \$ 27,491,507 |

Great Lakes Community Action Partnership

Schedule A-9

Schedule of Expenditures of Federal, State, and Local Awards

Year Ended September 30, 2019

| State and Local Programs | Funding Source/ Pass-Through Entity | State and Local Expenditures |
|---|--|---------------------------------|
| Ohio Housing Trust Fund | Ohio Department Services Agency | 114,136 |
| Homeless Crisis Response Program | Ohio Department Services Agency | 611,757 |
| Percentage of Income Payment Plan | Ohio Development Services Agency | 38,610 |
| Percentage of Income Payment Plan | Ohio Development Services Agency | 30,082 |
| Sandusky Seniors Programs | Area Office on Aging of NW Ohio | 253,092 |
| Sandusky Seniors Programs | Area Office on Aging of NW Ohio | 928,666 |
| Transfer of housing project controlling charges to new HDAP recipient | Ohio Housing Financy Agency | 4,196,251 |
| Powerful Parenting | Sandusky County Board of Commissioners | 3,000 |
| Strong Families Safe Communities | Sandusky County Board of Commissioners | 36,616 |
| Strong Families Safe Communities | Sandusky County Board of Commissioners | 11,531 |
| Ohio Water Development Authority | Ohio Water Development Authority | 484,311 |
| Ohio Water Development Authority | Ohio Water Development Authority | 143,697 |
| After School Programs | Sandusky Co. United Way | 511 |
| Parents Cafes OCTF | Ohio Childrens Trust Fund | 7,346 |
| Child Care Services | Sandusky Co. Job & Family Services | 113,550 |
| Child Care Services | Sandusky Co. Job & Family Services | 10,259 |
| T.R.I.P.S. | Ohio Department of Transportation | 119,032 |
| American Presidents Film & Literary Festival | Rutherford B Hayes Musium | 15,344 |
| 21st Century Learning Grant - Middle School/Clyde Elementary | Clyde City Schools | 111,229 |
| 21st Century Learning Grant - Middle School/Clyde Elementary | Clyde City Schools | 29,422 |

Great Lakes Community Action Partnership

Schedule A-10

Schedule of Expenditures of Federal, State, and Local Awards

Year Ended September 30, 2019

| State and Local Programs | Funding Source/ Pass-Through Entity | State and Local Expenditures |
|---|---|---------------------------------|
| 21st Century Learning Grant - High School | Fremont City Schools | 125,329 |
| 21st Century Learning Grant - High School | Fremont City Schools | 23,548 |
| State Tech Center Grant I | Terra Community College | 2,420 |
| Neighborhood Initiative Program | Ohio Housing Finance Agency | (4,736) |
| HSTS Grant | Seneca County Commissioners | 37,750 |
| | Total State and Local Expenditures | <u>\$ 7,442,753</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 Great Lakes Community Action Partnership under programs of the federal government for the year ended September 30, 2019. 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 Great Lakes Community Action Partnership, it is not intended to and does not present the financial position, changes in net assets or cash flows of Great Lakes Community Action Partnership.

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

Great Lakes Community Action Partnership 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 \$330,392 in federal expenditures during the year ended September 30, 2019. The loan balance at September 30, 2018 and 2019 was \$3,584,859 and \$3,810,368.



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

Board of Directors
Great Lakes Community Action Partnership
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 Great Lakes Community Action Partnership, which comprise the statement of financial position as of September 30, 2019, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 9, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Great Lakes Community Action Partnership'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 Great Lakes Community Action Partnership's internal control. Accordingly, we do not express an opinion on the effectiveness of Great Lakes Community Action Partnership'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 Great Lakes Community Action Partnership'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 Great Lakes Community Action Partnership's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Great Lakes Community Action Partnership's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Wipfli LLP

June 9, 2020
Madison, Wisconsin



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

Board of Directors
Great Lakes Community Action Partnership
Fremont, OH

Report on Compliance for Each Major Federal Program

We have audited Great Lakes Community Action Partnership'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, 2019. Great Lakes Community Action Partnership'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 Great Lakes Community Action Partnership'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 Great Lakes Community Action Partnership'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 Great Lakes Community Action Partnership's compliance.

Opinion

In our opinion, Great Lakes Community Action Partnership 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, 2019.

Report on Internal Control Over Compliance

Management of Great Lakes Community Action Partnership 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 Great Lakes Community Action Partnership'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 Great Lakes Community Action Partnership'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

June 9, 2020
Madison, Wisconsin

Great Lakes Community Action Partnership

Schedule of Findings and Questioned Costs

Year Ended September 30, 2019

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> |
|---|-----------------|
|---|-----------------|

| | |
|----------------------------|--------|
| Supportive Housing Program | 14.235 |
| Head Start | 93.600 |

| | |
|--|-----------|
| Dollar threshold used to distinguish between Type A and Type B programs: | |
| Federal | \$824,745 |

| | |
|--|-----|
| 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