

**Community Action
Program, Inc. of
Western Indiana**

**Financial Statements
For The Years Ended
December 31, 2021 and 2020
(With Single Audit Section)**

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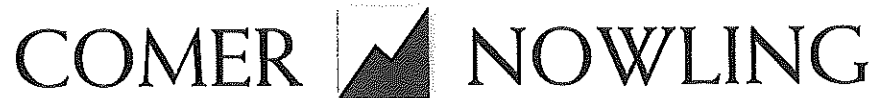
INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

Certified Public Accountants

**COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
FINANCIAL STATEMENTS**

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INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Community Action Program, Inc. of Western Indiana
Covington, Indiana

Opinion

We have audited the accompanying financial statements of Community Action Program, Inc. of Western Indiana (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Community Action Program, Inc. of Western Indiana as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community Action Program, Inc. of Western Indiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Action Program, Inc. of Western Indiana's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures including examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Community Action Program, Inc. of Western Indiana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Action Program, Inc. of Western Indiana's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2022 on our consideration of Community Action Program, Inc. of Western Indiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Community Action Program, Inc. of Western Indiana'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* and should be read in conjunction with this report in considering the results of our audit.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.

Indianapolis, Indiana

September 27, 2022

**COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020**

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS:		
Cash	\$ 509,320	\$ 215,911
Grants receivable	460,782	475,145
Investments	580,370	563,979
Other receivables	9,723	9,913
Prepaid expenses	<u>86,692</u>	<u>86,692</u>
Total current assets	<u>1,646,887</u>	<u>1,351,640</u>
FIXED ASSETS (net of accumulated depreciation)	<u>7,661,680</u>	<u>8,074,871</u>
OTHER ASSETS:		
Loans receivable, net of allowance	<u>117,110</u>	<u>158,700</u>
Total other assets	<u>117,110</u>	<u>158,700</u>
Total assets	<u><u>\$ 9,425,677</u></u>	<u><u>\$ 9,585,211</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 83,047	\$ 62,617
Security deposits	47,900	46,023
Accrued payroll and payroll expenses	264,878	257,239
Current portion of notes payable	<u>263,860</u>	<u>168,562</u>
Total current liabilities	<u>659,685</u>	<u>534,441</u>
LONG-TERM LIABILITIES		
PPP loan	-	200,000
Notes payable, net of current portion	<u>2,329,040</u>	<u>2,323,225</u>
Total long-term liabilities	<u>2,329,040</u>	<u>2,523,225</u>
Total liabilities	<u>2,988,725</u>	<u>3,057,666</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>6,436,952</u>	<u>6,527,545</u>
Total liabilities and net assets	<u><u>\$ 9,425,677</u></u>	<u><u>\$ 9,585,211</u></u>

See accompanying notes to financial statements.

**COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
REVENUE AND SUPPORT		
Grant revenue	\$ 7,200,663	\$ 6,530,504
Program revenue	87,039	59,460
Medicaid revenue	44,206	29,839
Contributions	264,841	354,287
Rental income, including Section 8	1,485,870	1,428,066
Investment and interest income	24,694	55,420
In-kind revenue	123,747	121,525
Gain on sale of assets	135,838	-
Other income	230,751	15,813
	<u>9,597,649</u>	<u>8,594,914</u>
OPERATING EXPENSES		
Child Education	3,437,828	3,465,192
Community Service	3,230,056	2,459,926
Housing	1,200,385	1,437,125
CAPWI Properties	1,466,936	1,154,125
General and Administrative	353,037	352,730
	<u>9,688,242</u>	<u>8,869,098</u>
Total operating expenses		
	<u>9,688,242</u>	<u>8,869,098</u>
Increase (decrease) in net assets	(90,593)	(274,184)
NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING OF YEAR	<u>6,527,545</u>	<u>6,801,729</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS, END OF YEAR	<u>\$ 6,436,952</u>	<u>\$ 6,527,545</u>

See accompanying notes to financial statements.

COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Child Education	Community Service	Housing	CAPWI Properties	General and Administrative	2021 Totals
OPERATING EXPENSES						
Personnel	\$ 2,357,665	\$ 721,364	\$ 427,994	\$ 359,309	\$ 261,823	\$ 4,128,155
Program services	-	1,858,032	4,000	-	-	1,862,032
Occupancy	264,793	250,051	128,263	164,249	19,685	827,041
Contracted services	23,739	99,085	499,458	3,315	12,287	637,884
Supplies program	151,574	96,098	50,284	122,820	-	420,776
Travel	33,236	2,572	3,098	1,351	4,350	44,607
Interest	-	-	-	94,379	-	94,379
Supplies general	220,243	122,763	37,469	181,047	9,008	570,530
Transportation	31,999	19,058	8,916	8,125	-	68,098
Insurance	23,728	2,917	10,070	65,334	-	102,049
Telephone	30,343	21,826	4,535	5,207	1,360	63,271
Publications	35,845	13,286	3,698	3,087	9,759	65,675
Training	15,860	-	2,100	-	12,178	30,138
Professional fees	23,123	4,545	4,589	8,948	5,682	46,887
Depreciation	102,992	17,400	15,911	449,765	16,905	602,973
In-kind expenses	122,688	1,059	-	-	-	123,747
Total operating expenses by function	\$ 3,437,828	\$ 3,230,056	\$ 1,200,385	\$ 1,466,936	\$ 353,037	\$ 9,688,242

See accompanying notes to financial statements.

COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Child Education	Community Service	Housing	CAPWI Properties	General and Administrative	2020 Totals
OPERATING EXPENSES						
Personnel	\$ 2,587,431	\$ 692,218	\$ 534,329	\$ 49,319	\$ 260,500	\$ 4,123,797
Program services	-	1,234,558	65,110	-	-	1,299,668
Occupancy	229,713	151,515	94,081	208,870	22,905	707,084
Contracted services	16,856	24,860	572,057	3,114	11,251	628,138
Supplies program	75,097	28,438	102,380	146,903	-	352,818
Travel	26,908	5,941	1,452	1,026	2,199	37,526
Interest	-	-	-	98,759	-	98,759
Supplies general	171,677	242,814	16,738	130,029	17,720	578,978
Transportation	30,197	15,310	5,370	7,178	-	58,055
Insurance	23,558	8,266	11,516	61,801	938	106,079
Telephone	31,754	21,777	5,271	4,665	2,484	65,951
Publications	26,484	14,125	1,933	2,587	9,225	54,354
Training	6,000	-	879	-	1,788	8,667
Professional fees	29,341	4,562	15,591	8,046	3,691	61,231
Depreciation	91,075	14,837	10,418	431,828	20,029	568,187
In-kind expenses	119,101	705	-	-	-	119,806
Total operating expenses by function	\$ 3,465,192	\$ 2,459,926	\$ 1,437,125	\$ 1,154,125	\$ 352,730	\$ 8,869,098

See accompanying notes to financial statements.

**COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDING DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ (90,593)	\$ (274,184)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Bad debt	-	13,988
Depreciation	602,973	568,187
Unrealized/realized loss (gain) of investments	(16,391)	(50,215)
Loss (gain) on sale of assets	(135,838)	-
Forgiveness of PPP loan	(200,000)	-
(Increase) decrease in cash from changes in:		
Grants receivable	14,363	(167,111)
Other receivable	190	17,208
Prepaid expenses	-	(485)
Increase (decrease) in cash from changes in:		
Security deposits	1,877	1,362
Accounts payable	20,430	(17,375)
Accrued payroll and payroll expenses	7,639	53,214
	<u>204,650</u>	<u>144,589</u>
Net cash provided by (used in) operating activities		
	<u>204,650</u>	<u>144,589</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Advances made on notes receivable	(8,000)	(32,144)
Change in investments	-	30,000
Principal payments received on notes receivable	49,670	64,513
Proceeds from sale of fixed assets	195,838	-
Purchase of property and equipment	(249,783)	(233,163)
	<u>(12,275)</u>	<u>(170,794)</u>
Net cash provided by (used in) investing activities		
	<u>(12,275)</u>	<u>(170,794)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds of long-term debt	1,349,361	200,000
Payments on long-term note	(1,248,327)	(162,415)
	<u>101,034</u>	<u>37,585</u>
Net cash provided by (used in) financing activities		
	<u>101,034</u>	<u>37,585</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	293,409	11,380
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>215,911</u>	<u>204,531</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 509,320</u>	<u>\$ 215,911</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 94,379</u>	<u>\$ 98,759</u>
SUMMARY OF NON-CASH TRANSACTIONS		
Loan proceeds from refinance	<u>\$ 1,222,361</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

**NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES**

NATURE OF OPERATIONS

Community Action Program, Inc. of Western Indiana (the Organization) is an Indiana nonprofit corporation incorporated in 1966. The Organization receives federal and state funds to empower communities, families, and individuals toward self-sufficiency by removing the causes and conditions of poverty through services, support, and education. Programs that the Organization offers include: Child Education, Community Services, and Housing and Property Development. The Organization offers these programs to residents of Benton, Fountain, Montgomery, Parke, Vermillion, Tippecanoe, Boone, White, Carroll, and Warren counties in Indiana.

BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

INCOME TAX STATUS

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Organization recognizes a tax benefit only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. With few exceptions, the Organization is no longer subject to examination by taxing authorities for the years before 2018.

FINANCIAL STATEMENT PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. Per the applicable standards, Community Action Program, Inc. of Western Indiana is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. A description of the net asset classes follows:

Net assets without donor restrictions represent the portion of net assets of Community Action Program, Inc. of Western Indiana that is not subject to donor-imposed restrictions. Net assets without donor restrictions include expendable funds available for the support of the Organization. Board designated net assets are net assets without donor restrictions with self-imposed designations by action of the governing board.

COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

FINANCIAL STATEMENT PRESENTATION – (continued)

Net assets with donor restrictions represent contributions and other inflows of assets whose use by Community Action Program, Inc. of Western Indiana is limited by donor-imposed stipulations that either expire by passage of time, can be fulfilled and removed by actions of Community Action Program, Inc. of Western Indiana pursuant to those stipulations, or net assets that must be held in perpetuity.

Net assets with donor restrictions also include, pursuant to Indiana law, cumulative appreciation and reinvested gains on net assets with donor restrictions that are held in perpetuity, which have not been appropriated by the Board of Directors.

REVENUE RECOGNITION

The majority of the Organization's revenue is earned under cost-reimbursement awards from governmental agencies. Revenues are recognized under such awards when costs allowable under the terms of the awards are incurred. Advances received in excess of allowable costs are reported as liabilities.

Fees for services are recognized as revenue when the services are substantially performed. Fees received in advance of substantial performance are reported as deferred revenue. Deposits received from customers prior to the date of the performance of services are recorded as liabilities.

Fees for rent and other contract revenues are recognized at a point in time. Rents are due at the beginning of the month and are considered earned by month's end. No prepaid rents were deferred from revenue recognition as of December 31, 2021 and 2020.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as net assets without donor restrictions.

GOVERNMENT GRANTS

Support funded by conditional grants is recognized as the Organization performs the contracted services under grant agreements. Grant revenue is recognized as earned as the eligible expenses are incurred. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. Amounts required prior to expenditures being incurred are reflected as refundable advances on the Statement of Financial Position.

COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

CONTRIBUTED SERVICES

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance non-financial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

LOANS RECEIVABLE

Loans receivable are stated at the amount of the unpaid principal balance, reduced by an allowance for possible loan losses. The allowance for loan losses is increased by charges to income and decreased by charge-offs (net of recoveries). The allowance is determined based on known and inherent risks, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, estimated forgiveness rates, and current economic conditions. No interest is accrued on outstanding balances of Rural Business Enterprise loans for nonpayment. Interest income is recognized when paid.

IN-KIND CONTRIBUTION

The Organization receives in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair market value of certain in-kind donations as an expense in its financial statements, and similarly increase revenue and support by the same amount.

The Organization has recorded in-kind contribution for professional services on the Statement of Activities and Changes in Net Assets. The Organization is required by Generally Accepted Accounting Principles to only report contributions of services received that create or enhance a non-financial asset or require specialized skills by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. These requirements are different from the in-kind requirements of the Organization's grant funding sources.

For the years ended December 31, 2021 and 2020, in-kind contributions amounted to \$123,747 and \$121,525, respectively, and is included in revenue and support on the Statement of Activities and Changes in Net Assets. During the years ended December 31, 2021 and 2020, the Organization also received other in-kind contribution totaling \$448,802 and \$315,344, respectively, related to its Head Start program which includes services from non-professional volunteers and are not recorded in the Statement of Activities and Changes in Net Assets.

CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalent.

GRANTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

The grants receivable represent amounts the agency has filed claims for the year end and were awaiting payment. A substantial majority of receivables are due from government sources. The amount deemed uncollectible is zero. Therefore, no allowance is considered necessary.

COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

PROPERTY AND EQUIPMENT

The Organization follows the practice of capitalizing all expenditures in excess of \$5,000 for property and equipment at cost; the fair value of donated fixed assets is similarly capitalized. Depreciation is provided using the straight-line method over estimated useful lives of 5 to 30 years.

Buildings	26.5-30 Years
Building improvements	10-40 Years
Vehicles and equipment	5-10 Years

During the years ended December 31, 2021 and 2020, depreciation expense totaled \$602,973 and \$568,187, respectively.

ACCOUNTING FOR IMPAIRMENT

Accounting for the Impairment or Disposal of Long-Lived Assets guidance requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. This guidance has not materially affected the Organization's net change in unrestricted net assets, statement of financial position or statement of cash flows.

USE OF ESTIMATES

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The FASB Accounting Standards Codification Topic, "*Fair Value Measurement*," defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Organization's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

This standard establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Level 2: Significant other observable inputs other than Level 1 prices such as quoted process for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions above the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

Investments held by the Organization are considered level 1 and are traded in active exchange markets, such as the New York Stock Exchange.

COST ALLOCATION

The Organization allocated costs to benefiting programs using various allocation methods, depending on the type of cost being allocated. Allocated costs are those costs incurred for the common benefit of all agency programs, which cannot be readily identified with a final cost objective. The Organization's cost allocation methods are as follows:

Personnel: Allocated based on time spent in each program. The salaries, wages, and fringe benefits of staff assigned and working full-time for a program are allocated to that program. Salaries, wages and fringe benefits of staff assigned and working for more than one program will be divided among separate pools.

Supplies: Shared supplies will be purchased and charged to CSBG. Each quarter the total amount spent will be calculated and distributed to programs according to full-time equivalencies. Receptionist at each office will, however, maintain a log of usage.

Occupancy Costs: Space costs (maintenance costs, supplies, depreciation, etc.) are allocated based upon usable square footage. Common areas reduce total square footage and the resulting usage square footage is divided into the actual costs.

Copy Costs: Allocated on actual usage and allocated monthly. Costs not associated with a program will be distributed to grants by the number of full-time equivalencies.

Insurance: Insurance is allocated to benefiting programs based upon what is being insured and the method used by the insurance company in determining rate.

Other Joint Costs: Other joint costs (telephone, postage, etc.) are allocated to agency programs based upon usage by each program.

**COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

RECENT ACCOUNTING PRONOUNCEMENTS

Leases

In February 2016, FASB issues ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2021. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the impact the adoption of this guidance will have on the financial statements.

SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 27, 2022, which is the date the financial statements were available to be issued.

NOTE 2 – CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at one financial institution, where deposits are FDIC insured up to \$250,000. The uninsured balance in the Organization's bank account was \$339,250 and \$131,789, respectively, as of December 31, 2021 and 2020.

Financial awards from federal, state and local governmental entities in the form of grants are subject to financial and compliance audits by funding agencies. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

NOTE 3 – GRANTS RECEIVABLE

Grants receivable consisted of the following:

	<u>2021</u>	<u>2020</u>
U.S. Department of Health and Human Services	\$ 133,000	\$ 87,759
Indiana State Department of Health	47,733	109,674
Indiana Community Action Agency	-	5,000
Indiana Housing and Community Development	260,585	253,445
Area IV Agency on Aging and Community Action Programs	3,256	4,500
Vectren Energy	2,500	-
Indiana Family and Social Services	13,708	14,767
	<u>\$ 460,782</u>	<u>\$ 475,145</u>

**COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 4 – INVESTMENTS

Investments consist of corporate stocks and mutual funds and are stated at fair value based on quoted prices in active markets. Investments are measured at fair value using Level 1 inputs and are summarized as follows as of December 31, 2021 and 2020.

The cumulative appreciation since the inception of these investments was \$80,370 and \$63,979 for the years ended December 31, 2021 and 2020, respectively. The net unrealized gain (loss) for the years ended December 31, 2021 and 2020 was \$16,391 and \$50,215, respectively, and is included in the investment income on the statement of activities.

	<u>Cost or Original Donated Value</u>	<u>Fair Value</u>	<u>Cumulative Unrealized Gain</u>
As of December 31, 2021:			
Stocks and mutual funds	\$ 500,000	\$ 580,370	\$ 80,370
As of December 31, 2020:			
Stocks and mutual funds	\$ 500,000	\$ 563,979	\$ 63,979

NOTE 5 – LOANS RECEIVABLE

The Organization operates a Rural Business Enterprise program that provides loans to low-income business owners. The loans are at 0% through 10% interest and are repayable on an installment basis over various loan maturities. Repaid loans and interest are used by the Organization for similar purposes. As of December 31, 2021 and 2020, \$95,846 and \$133,668, respectively, was recorded in deferred loans receivable (revolving funds). When reduced by a net allowance of \$22,382 and \$13,988, net revolving loans totaled \$73,464 and \$119,680 as of December 31, 2021 and 2020, respectively.

As of December 31, 2021 and 2020, the Organization also holds \$259,203 and \$279,551, respectively, in other mortgages and notes receivable related to community development and housing activities. When reduced by a net allowance of \$215,557 and \$240,531, net other notes receivable totaled \$43,646 and \$39,020 as of December 31, 2021 and 2020, respectively.

**COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 6 – PROPERTY AND EQUIPMENT

The Organization’s property and equipment are as follows as of December 31:

	<u>2021</u>	<u>2020</u>
Land	\$ 254,045	\$ 297,736
Building	15,294,821	15,157,121
Equipment	<u>819,045</u>	<u>723,272</u>
	16,367,911	16,178,129
Less: accumulated depreciation	<u>(8,706,231)</u>	<u>(8,103,258)</u>
	<u>\$ 7,661,680</u>	<u>\$ 8,074,871</u>

NOTE 7 – LONG TERM DEBT

As of December 31, 2021, the Organization’s long-term debt consisted of the following:

<p>Promissory note from Indiana Housing and Community Development Corp. (IHCDA) in the original amount of \$165,000 of converted CDBG disaster funds. Beginning December 2012, the principal and interest is payable in annual payments over a 15 year period limited to 59% of available cash flow up to a maximum of \$11,200 per year. The note interest rate is one quarter of one percent per annum. The loan maturity date is January 1, 2027. The note is secured by real estate.</p>	\$ 48,527	\$ 59,598
<p>Promissory note from Farmers and Merchants Bank in the original amount of \$126,170 with interest at the rate of 4.07%. Monthly payments are \$769, with the outstanding balance due October 2041 and is secured by real estate.</p>	125,305	-
<p>Promissory notes from Old National Bank in the original amount of \$222,216, with interest at the rate of 4.0% and monthly payments of \$1,591. Refinanced with Farmers and Merchants Bank in the amount of \$126,618 with interest rate of 3.5%. Monthly payments are \$734, with the outstanding balance due July 2041. The note is secured by real estate.</p>	124,782	123,198
<p>Promissory note from Old National Bank in the original amount of \$249,900, with interest at the rate of 4.81% and monthly payment of \$1,955. Refinanced with Farmers and Merchants Bank in the amount of \$136,329 with interest rate of 3.5%. Monthly payments are \$1,348, with the outstanding balance due July 2041. The note is secured by real estate.</p>	131,549	132,107

**COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 7 – LONG-TERM DEBT – (continued)

<p>Promissory note from Old National Bank in the original amount of \$105,000, with interest at the rate of 4.81% and monthly payments of \$821. Refinanced with Farmers and Merchants Bank in the amount of \$107,279 with interest rate of 3.5%. Monthly payments are \$622, with the outstanding balance due July 2041. The note is secured by real estate.</p>	\$ 105,724	\$ 55,505
<p>Promissory note from the U.S. Department of Agriculture in the original amount of \$282,000 with interest at the rate of 4.25%. Monthly payments are \$1,224, with the outstanding balance due September 2043. The note is secured by real estate.</p>	207,627	213,358
<p>Promissory note from IHCD in the original amount of \$179,500 with interest at the rate of 1%. Semi-annual payments of \$3,470 began in 2010. Outstanding balance is due June 30, 2025. The note is secured by real estate.</p>	113,912	119,670
<p>Promissory note from Fountain Trust Company in the original amount of \$100,000, with interest rate of 4.50% and monthly payments of \$633. Refinanced with Farmers and Merchants Bank in the amount of \$92,946 with interest rate of 3.5%. Monthly payments are \$539, with outstanding balance due July 2041. The note is secured by real estate.</p>	91,598	92,143
<p>Promissory note from IHCD in the original amount of \$248,000 with interest at the rate of 1%. Semi-annual payments are \$4,795, with the outstanding balance due May 2022. The note is secured by real estate.</p>	138,718	146,858
<p>Promissory note from IHCD in the original amount of \$240,000 with interest at the rate of 1%. Monthly payments are \$773 with the outstanding balance due June 2025. The note is secured by real estate.</p>	158,576	164,594
<p>Promissory note from Old National Bank in the original amount of \$103,500, with interest rate of 5.45% and monthly payments of \$714. Refinanced with Farmers and Merchants Bank in the amount of \$80,489 with interest rate of 3.5%. Monthly payments are \$467, with the outstanding balance due July 2041. The note is secured by real estate.</p>	79,322	79,477
<p>Promissory note from Fountain Trust Company in the original amount of \$72,500, with interest rate of 4.24% and monthly payments of \$449. Refinanced with Farmers and Merchants Bank in the amount of \$63,485 with interest rate of 3.5%. Monthly payments are \$368, with the outstanding balance due July 2041. The note is secured by real estate.</p>	62,565	62,844

**COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 7 – LONG-TERM DEBT – (continued)

Promissory note from Fountain Trust Company in the original amount of \$550,000, with interest rate of 4.24% and monthly payments of \$4,135. Refinanced with Farmers and Merchants Bank in the amount of \$442,634 with interest rate of 3.5%. Monthly payments are \$2,567, with the outstanding balance due July 2041. The note is secured by real estate.	\$ 436,216	\$ 435,038
Promissory note from the Farmers and Merchants Bank in the original amount of \$75,000 with interest of 3.9%. Monthly payments are \$451 with the outstanding balance due January 19, 2037. The note is secured by real estate.	61,575	64,518
Promissory note from the Farmers and Merchants Bank in the original amount of \$100,000 with interest of 4.6% adjustable every 5 years. Monthly payments are \$638 with the outstanding balance due April 16, 2038. The note is secured by real estate.	87,817	91,345
Promissory note from the Farmers and Merchants Bank to refinance six loans in the original amount of \$155,000 with interest of 4.5% adjustable after 10th payment. Monthly payments are \$1,606 with the outstanding balance due March 15, 2029. The note is secured by real estate.	119,057	132,642
Promissory note from the Farmers and Merchants Bank to refinance five loans in the original amount of \$371,719 with interest of 4.5% adjustable every 10 years. Monthly payments are \$2,844 with the outstanding balance due August 22, 2034. The note is secured by real estate.	328,967	347,840
Promissory note from Fountain Trust Company in the original amount of \$115,000, with interest rate of 4.25% and monthly payments of \$725. Refinanced with Farmers and Merchants Bank in the amount of \$96,265 with interest rate of 3.5%. Monthly payments are \$558, with the outstanding balance due July 2041. The note is secured by real estate.	94,868	95,160
Promissory note from Old National Bank in the original amount of \$103,500, with interest rate of 4.57% and monthly payments of \$659. Refinanced with Farmers and Merchants Bank in the amount of \$77,316 with interest rate of 3.5%. Monthly payments are \$448, with the outstanding balance due July 2041. The note is secured by real estate.	<u>76,195</u>	<u>75,892</u>
Sub-total	2,592,900	2,491,787
Less: current portion	<u>(263,860)</u>	<u>(168,562)</u>
Long-term debt (net of current portion)	<u>\$ 2,329,040</u>	<u>\$ 2,323,225</u>

**COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 7 – LONG-TERM DEBT – (continued)

Interest expense amounted to \$94,379 and \$98,759 during the years ended December 31, 2021 and 2020, respectively.

Maturities of long-term debt for the next five years and thereafter are as follows:

2022	\$	263,860
2023		130,394
2024		134,814
2025		356,669
2026		122,869
Thereafter		1,584,294
		\$ 2,592,900

NOTE 8 – PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Organization entered into a \$200,000 Paycheck Protection Program (PPP) loan payable to The Farmers and Merchants Bank. Interest accrues at 1% and matures April 2022. During August 2021, the Organization received loan forgiveness, which is reflected in other income on the statement of activities.

NOTE 9 – EMPLOYEE BENEFITS

The Organization offers a 401(k)-retirement plan. An employee must be 21 years of age and have completed one-year of employment to be eligible. The Organization’s Board of Directors determines the amount of matching contributions (if any) that will be made each year not to exceed \$1,500 per plan participant per plan year. Matching contributions made by the Organization totaled \$70,573 and \$73,573 for the years ended December 31, 2021 and 2020, respectively.

NOTE 10 – INFORMATION ON LIQUIDITY

The Organization is funded through cost reimbursable government grants pass-through various nonprofit grantors. The Organization financial assets consist of cash, receivables and investments. None of these assets are designated by the board of directors or restricted by donors for any purpose.

For the purpose of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program and support activities to be general expenditures.

Financial assets available for cash needs for general expenditures within one year are \$1,560,195 and \$1,264,948 for the years ending December 31, 2021 and 2020, respectively.

SINGLE AUDIT SECTION

**COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal ALN</u>	<u>Grant or Identifying Number</u>	<u>Grant Award (in dollars \$)</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture				
Passed through the Indiana State Department of Health:				
Special Supplemental Nutrition Program for WIC	10.557	46277	498,382	\$ 326,336
Special Supplemental Nutrition Program for WIC	10.557	57549	477,228	<u>119,568</u>
				<u>445,904</u>
Child and Adult Care Food Program	10.558	1230043	N/A	<u>139,517</u>
Direct Program:				
Community Facilities Programs	10.766	15-23-356062298	N/A	<u>213,507</u>
Total U.S. Department of Agriculture				<u>798,928</u>
U.S. Department of Housing and Urban Development				
Passed through the Indiana Housing & Community Development Authority:				
Section 8 Housing Choice Vouchers	14.871	HCV-0200-06	N/A	<u>494,139</u>
Total U.S. Department of Housing and Urban Development				<u>494,139</u>
U.S. Department of Energy				
Passed through the Indiana Housing & Community Development Authority:				
Weatherization Assistance for Low-Income Persons	81.042	WX-020-009	310,407	72,044
Weatherization Assistance for Low-Income Persons	81.042	WX-021-009	244,642	<u>158,132</u>
Total U.S. Department of Energy				<u>230,176</u>
U.S. Department of Homeland Security				
Passed through the Emergency Food and Shelter Program National Board:				
Emergency Food and Shelter	97.024	Phase 37	35,242	16,797
Emergency Food and Shelter (CARES)	97.024	Phase CARES	51,605	19,446
Emergency Food and Shelter	97.024	Phase 38	38,088	<u>37,823</u>
Total U.S. Department of Homeland Security				<u>74,066</u>

See notes to Schedule of Expenditures of Federal Awards

**Community Action
Program, Inc. of
Western Indiana**

**Financial Statements
For The Years Ended
December 31, 2021 and 2020
(With Single Audit Section)**

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INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

Certified Public Accountants

**COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
FINANCIAL STATEMENTS**

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INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Community Action Program, Inc. of Western Indiana
Covington, Indiana

Opinion

We have audited the accompanying financial statements of Community Action Program, Inc. of Western Indiana (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Community Action Program, Inc. of Western Indiana as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community Action Program, Inc. of Western Indiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Action Program, Inc. of Western Indiana's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures including examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Community Action Program, Inc. of Western Indiana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Action Program, Inc. of Western Indiana's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2022 on our consideration of Community Action Program, Inc. of Western Indiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Community Action Program, Inc. of Western Indiana'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* and should be read in conjunction with this report in considering the results of our audit.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
September 27, 2022

**COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020**

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS:		
Cash	\$ 509,320	\$ 215,911
Grants receivable	460,782	475,145
Investments	580,370	563,979
Other receivables	9,723	9,913
Prepaid expenses	<u>86,692</u>	<u>86,692</u>
Total current assets	<u>1,646,887</u>	<u>1,351,640</u>
FIXED ASSETS (net of accumulated depreciation)	<u>7,661,680</u>	<u>8,074,871</u>
OTHER ASSETS:		
Loans receivable, net of allowance	<u>117,110</u>	<u>158,700</u>
Total other assets	<u>117,110</u>	<u>158,700</u>
Total assets	<u>\$ 9,425,677</u>	<u>\$ 9,585,211</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 83,047	\$ 62,617
Security deposits	47,900	46,023
Accrued payroll and payroll expenses	264,878	257,239
Current portion of notes payable	<u>263,860</u>	<u>168,562</u>
Total current liabilities	<u>659,685</u>	<u>534,441</u>
LONG-TERM LIABILITIES		
PPP loan	-	200,000
Notes payable, net of current portion	<u>2,329,040</u>	<u>2,323,225</u>
Total long-term liabilities	<u>2,329,040</u>	<u>2,523,225</u>
Total liabilities	<u>2,988,725</u>	<u>3,057,666</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>6,436,952</u>	<u>6,527,545</u>
Total liabilities and net assets	<u>\$ 9,425,677</u>	<u>\$ 9,585,211</u>

See accompanying notes to financial statements.

**COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
REVENUE AND SUPPORT		
Grant revenue	\$ 7,200,663	\$ 6,530,504
Program revenue	87,039	59,460
Medicaid revenue	44,206	29,839
Contributions	264,841	354,287
Rental income, including Section 8	1,485,870	1,428,066
Investment and interest income	24,694	55,420
In-kind revenue	123,747	121,525
Gain on sale of assets	135,838	-
Other income	230,751	15,813
	<u>9,597,649</u>	<u>8,594,914</u>
OPERATING EXPENSES		
Child Education	3,437,828	3,465,192
Community Service	3,230,056	2,459,926
Housing	1,200,385	1,437,125
CAPWI Properties	1,466,936	1,154,125
General and Administrative	353,037	352,730
	<u>9,688,242</u>	<u>8,869,098</u>
Total operating expenses		
	(90,593)	(274,184)
NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING OF YEAR	<u>6,527,545</u>	<u>6,801,729</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS, END OF YEAR	<u>\$ 6,436,952</u>	<u>\$ 6,527,545</u>

See accompanying notes to financial statements.

COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Child Education	Community Service	Housing	CAPWI Properties	General and Administrative	2021 Totals
OPERATING EXPENSES						
Personnel	\$ 2,357,665	\$ 721,364	\$ 427,994	\$ 359,309	\$ 261,823	\$ 4,128,155
Program services	-	1,858,032	4,000	-	-	1,862,032
Occupancy	264,793	250,051	128,263	164,249	19,685	827,041
Contracted services	23,739	99,085	499,458	3,315	12,287	637,884
Supplies program	151,574	96,098	50,284	122,820	-	420,776
Travel	33,236	2,572	3,098	1,351	4,350	44,607
Interest	-	-	-	94,379	-	94,379
Supplies general	220,243	122,763	37,469	181,047	9,008	570,530
Transportation	31,999	19,058	8,916	8,125	-	68,098
Insurance	23,728	2,917	10,070	65,334	-	102,049
Telephone	30,343	21,826	4,535	5,207	1,360	63,271
Publications	35,845	13,286	3,698	3,087	9,759	65,675
Training	15,860	-	2,100	-	12,178	30,138
Professional fees	23,123	4,545	4,589	8,948	5,682	46,887
Depreciation	102,992	17,400	15,911	449,765	16,905	602,973
In-kind expenses	122,688	1,059	-	-	-	123,747
Total operating expenses by function	\$ 3,437,828	\$ 3,230,056	\$ 1,200,385	\$ 1,466,936	\$ 353,037	\$ 9,688,242

See accompanying notes to financial statements.

COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Child Education	Community Service	Housing	CAPWI Properties	General and Administrative	2020 Totals
OPERATING EXPENSES						
Personnel	\$ 2,587,431	\$ 692,218	\$ 534,329	\$ 49,319	\$ 260,500	\$ 4,123,797
Program services	-	1,234,558	65,110	-	-	1,299,668
Occupancy	229,713	151,515	94,081	208,870	22,905	707,084
Contracted services	16,856	24,860	572,057	3,114	11,251	628,138
Supplies program	75,097	28,438	102,380	146,903	-	352,818
Travel	26,908	5,941	1,452	1,026	2,199	37,526
Interest	-	-	-	98,759	-	98,759
Supplies general	171,677	242,814	16,738	130,029	17,720	578,978
Transportation	30,197	15,310	5,370	7,178	-	58,055
Insurance	23,558	8,266	11,516	61,801	938	106,079
Telephone	31,754	21,777	5,271	4,665	2,484	65,951
Publications	26,484	14,125	1,933	2,587	9,225	54,354
Training	6,000	-	879	-	1,788	8,667
Professional fees	29,341	4,562	15,591	8,046	3,691	61,231
Depreciation	91,075	14,837	10,418	431,828	20,029	568,187
In-kind expenses	119,101	705	-	-	-	119,806
Total operating expenses by function	\$ 3,465,192	\$ 2,459,926	\$ 1,437,125	\$ 1,154,125	\$ 352,730	\$ 8,869,098

See accompanying notes to financial statements.

**COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDING DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ (90,593)	\$ (274,184)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Bad debt	-	13,988
Depreciation	602,973	568,187
Unrealized/realized loss (gain) of investments	(16,391)	(50,215)
Loss (gain) on sale of assets	(135,838)	-
Forgiveness of PPP loan	(200,000)	-
(Increase) decrease in cash from changes in:		
Grants receivable	14,363	(167,111)
Other receivable	190	17,208
Prepaid expenses	-	(485)
Increase (decrease) in cash from changes in:		
Security deposits	1,877	1,362
Accounts payable	20,430	(17,375)
Accrued payroll and payroll expenses	7,639	53,214
Net cash provided by (used in) operating activities	<u>204,650</u>	<u>144,589</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Advances made on notes receivable	(8,000)	(32,144)
Change in investments	-	30,000
Principal payments received on notes receivable	49,670	64,513
Proceeds from sale of fixed assets	195,838	-
Purchase of property and equipment	(249,783)	(233,163)
Net cash provided by (used in) investing activities	<u>(12,275)</u>	<u>(170,794)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds of long-term debt	1,349,361	200,000
Payments on long-term note	(1,248,327)	(162,415)
Net cash provided by (used in) financing activities	<u>101,034</u>	<u>37,585</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	293,409	11,380
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>215,911</u>	<u>204,531</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 509,320</u>	<u>\$ 215,911</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 94,379</u>	<u>\$ 98,759</u>
SUMMARY OF NON-CASH TRANSACTIONS		
Loan proceeds from refinance	<u>\$ 1,222,361</u>	<u>\$ -</u>

See accompanying notes to financial statements.

COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Community Action Program, Inc. of Western Indiana (the Organization) is an Indiana nonprofit corporation incorporated in 1966. The Organization receives federal and state funds to empower communities, families, and individuals toward self-sufficiency by removing the causes and conditions of poverty through services, support, and education. Programs that the Organization offers include: Child Education, Community Services, and Housing and Property Development. The Organization offers these programs to residents of Benton, Fountain, Montgomery, Parke, Vermillion, Tippecanoe, Boone, White, Carroll, and Warren counties in Indiana.

BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

INCOME TAX STATUS

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Organization recognizes a tax benefit only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. With few exceptions, the Organization is no longer subject to examination by taxing authorities for the years before 2018.

FINANCIAL STATEMENT PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. Per the applicable standards, Community Action Program, Inc. of Western Indiana is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. A description of the net asset classes follows:

Net assets without donor restrictions represent the portion of net assets of Community Action Program, Inc. of Western Indiana that is not subject to donor-imposed restrictions. Net assets without donor restrictions include expendable funds available for the support of the Organization. Board designated net assets are net assets without donor restrictions with self-imposed designations by action of the governing board.

COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

FINANCIAL STATEMENT PRESENTATION – (continued)

Net assets with donor restrictions represent contributions and other inflows of assets whose use by Community Action Program, Inc. of Western Indiana is limited by donor-imposed stipulations that either expire by passage of time, can be fulfilled and removed by actions of Community Action Program, Inc. of Western Indiana pursuant to those stipulations, or net assets that must be held in perpetuity.

Net assets with donor restrictions also include, pursuant to Indiana law, cumulative appreciation and reinvested gains on net assets with donor restrictions that are held in perpetuity, which have not been appropriated by the Board of Directors.

REVENUE RECOGNITION

The majority of the Organization's revenue is earned under cost-reimbursement awards from governmental agencies. Revenues are recognized under such awards when costs allowable under the terms of the awards are incurred. Advances received in excess of allowable costs are reported as liabilities.

Fees for services are recognized as revenue when the services are substantially performed. Fees received in advance of substantial performance are reported as deferred revenue. Deposits received from customers prior to the date of the performance of services are recorded as liabilities.

Fees for rent and other contract revenues are recognized at a point in time. Rents are due at the beginning of the month and are considered earned by month's end. No prepaid rents were deferred from revenue recognition as of December 31, 2021 and 2020.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as net assets without donor restrictions.

GOVERNMENT GRANTS

Support funded by conditional grants is recognized as the Organization performs the contracted services under grant agreements. Grant revenue is recognized as earned as the eligible expenses are incurred. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. Amounts required prior to expenditures being incurred are reflected as refundable advances on the Statement of Financial Position.

COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

CONTRIBUTED SERVICES

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance non-financial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

LOANS RECEIVABLE

Loans receivable are stated at the amount of the unpaid principal balance, reduced by an allowance for possible loan losses. The allowance for loan losses is increased by charges to income and decreased by charge-offs (net of recoveries). The allowance is determined based on known and inherent risks, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, estimated forgiveness rates, and current economic conditions. No interest is accrued on outstanding balances of Rural Business Enterprise loans for nonpayment. Interest income is recognized when paid.

IN-KIND CONTRIBUTION

The Organization receives in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair market value of certain in-kind donations as an expense in its financial statements, and similarly increase revenue and support by the same amount.

The Organization has recorded in-kind contribution for professional services on the Statement of Activities and Changes in Net Assets. The Organization is required by Generally Accepted Accounting Principles to only report contributions of services received that create or enhance a non-financial asset or require specialized skills by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. These requirements are different from the in-kind requirements of the Organization's grant funding sources.

For the years ended December 31, 2021 and 2020, in-kind contributions amounted to \$123,747 and \$121,525, respectively, and is included in revenue and support on the Statement of Activities and Changes in Net Assets. During the years ended December 31, 2021 and 2020, the Organization also received other in-kind contribution totaling \$448,802 and \$315,344, respectively, related to its Head Start program which includes services from non-professional volunteers and are not recorded in the Statement of Activities and Changes in Net Assets.

CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalent.

GRANTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

The grants receivable represent amounts the agency has filed claims for the year end and were awaiting payment. A substantial majority of receivables are due from government sources. The amount deemed uncollectible is zero. Therefore, no allowance is considered necessary.

COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

PROPERTY AND EQUIPMENT

The Organization follows the practice of capitalizing all expenditures in excess of \$5,000 for property and equipment at cost; the fair value of donated fixed assets is similarly capitalized. Depreciation is provided using the straight-line method over estimated useful lives of 5 to 30 years.

Buildings	26.5-30 Years
Building improvements	10-40 Years
Vehicles and equipment	5-10 Years

During the years ended December 31, 2021 and 2020, depreciation expense totaled \$602,973 and \$568,187, respectively.

ACCOUNTING FOR IMPAIRMENT

Accounting for the Impairment or Disposal of Long-Lived Assets guidance requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. This guidance has not materially affected the Organization's net change in unrestricted net assets, statement of financial position or statement of cash flows.

USE OF ESTIMATES

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The FASB Accounting Standards Codification Topic, "*Fair Value Measurement*," defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Organization's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

This standard establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Level 2: Significant other observable inputs other than Level 1 prices such as quoted process for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions above the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

Investments held by the Organization are considered level 1 and are traded in active exchange markets, such as the New York Stock Exchange.

COST ALLOCATION

The Organization allocated costs to benefiting programs using various allocation methods, depending on the type of cost being allocated. Allocated costs are those costs incurred for the common benefit of all agency programs, which cannot be readily identified with a final cost objective. The Organization's cost allocation methods are as follows:

Personnel: Allocated based on time spent in each program. The salaries, wages, and fringe benefits of staff assigned and working full-time for a program are allocated to that program. Salaries, wages and fringe benefits of staff assigned and working for more than one program will be divided among separate pools.

Supplies: Shared supplies will be purchased and charged to CSBG. Each quarter the total amount spent will be calculated and distributed to programs according to full-time equivalencies. Receptionist at each office will, however, maintain a log of usage.

Occupancy Costs: Space costs (maintenance costs, supplies, depreciation, etc.) are allocated based upon usable square footage. Common areas reduce total square footage and the resulting usage square footage is divided into the actual costs.

Copy Costs: Allocated on actual usage and allocated monthly. Costs not associated with a program will be distributed to grants by the number of full-time equivalencies.

Insurance: Insurance is allocated to benefiting programs based upon what is being insured and the method used by the insurance company in determining rate.

Other Joint Costs: Other joint costs (telephone, postage, etc.) are allocated to agency programs based upon usage by each program.

**COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

RECENT ACCOUNTING PRONOUNCEMENTS

Leases

In February 2016, FASB issues ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2021. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the impact the adoption of this guidance will have on the financial statements.

SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 27, 2022, which is the date the financial statements were available to be issued.

NOTE 2 – CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at one financial institution, where deposits are FDIC insured up to \$250,000. The uninsured balance in the Organization's bank account was \$339,250 and \$131,789, respectively, as of December 31, 2021 and 2020.

Financial awards from federal, state and local governmental entities in the form of grants are subject to financial and compliance audits by funding agencies. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

NOTE 3 – GRANTS RECEIVABLE

Grants receivable consisted of the following:

	<u>2021</u>	<u>2020</u>
U.S. Department of Health and Human Services	\$ 133,000	\$ 87,759
Indiana State Department of Health	47,733	109,674
Indiana Community Action Agency	-	5,000
Indiana Housing and Community Development	260,585	253,445
Area IV Agency on Aging and Community Action Programs	3,256	4,500
Vectren Energy	2,500	-
Indiana Family and Social Services	13,708	14,767
	<u>\$ 460,782</u>	<u>\$ 475,145</u>

**COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 4 – INVESTMENTS

Investments consist of corporate stocks and mutual funds and are stated at fair value based on quoted prices in active markets. Investments are measured at fair value using Level 1 inputs and are summarized as follows as of December 31, 2021 and 2020.

The cumulative appreciation since the inception of these investments was \$80,370 and \$63,979 for the years ended December 31, 2021 and 2020, respectively. The net unrealized gain (loss) for the years ended December 31, 2021 and 2020 was \$16,391 and \$50,215, respectively, and is included in the investment income on the statement of activities.

	<u>Cost or Original Donated Value</u>	<u>Fair Value</u>	<u>Cumulative Unrealized Gain</u>
As of December 31, 2021:			
Stocks and mutual funds	\$ 500,000	\$ 580,370	\$ 80,370
As of December 31, 2020:			
Stocks and mutual funds	\$ 500,000	\$ 563,979	\$ 63,979

NOTE 5 – LOANS RECEIVABLE

The Organization operates a Rural Business Enterprise program that provides loans to low-income business owners. The loans are at 0% through 10% interest and are repayable on an installment basis over various loan maturities. Repaid loans and interest are used by the Organization for similar purposes. As of December 31, 2021 and 2020, \$95,846 and \$133,668, respectively, was recorded in deferred loans receivable (revolving funds). When reduced by a net allowance of \$22,382 and \$13,988, net revolving loans totaled \$73,464 and \$119,680 as of December 31, 2021 and 2020, respectively.

As of December 31, 2021 and 2020, the Organization also holds \$259,203 and \$279,551, respectively, in other mortgages and notes receivable related to community development and housing activities. When reduced by a net allowance of \$215,557 and \$240,531, net other notes receivable totaled \$43,646 and \$39,020 as of December 31, 2021 and 2020, respectively.

**COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 6 – PROPERTY AND EQUIPMENT

The Organization’s property and equipment are as follows as of December 31:

	<u>2021</u>	<u>2020</u>
Land	\$ 254,045	\$ 297,736
Building	15,294,821	15,157,121
Equipment	<u>819,045</u>	<u>723,272</u>
	16,367,911	16,178,129
Less: accumulated depreciation	<u>(8,706,231)</u>	<u>(8,103,258)</u>
	<u>\$ 7,661,680</u>	<u>\$ 8,074,871</u>

NOTE 7 – LONG TERM DEBT

As of December 31, 2021, the Organization’s long-term debt consisted of the following:

<p>Promissory note from Indiana Housing and Community Development Corp. (IHCDA) in the original amount of \$165,000 of converted CDBG disaster funds. Beginning December 2012, the principal and interest is payable in annual payments over a 15 year period limited to 59% of available cash flow up to a maximum of \$11,200 per year. The note interest rate is one quarter of one percent per annum. The loan maturity date is January 1, 2027. The note is secured by real estate.</p>	\$ 48,527	\$ 59,598
<p>Promissory note from Farmers and Merchants Bank in the original amount of \$126,170 with interest at the rate of 4.07%. Monthly payments are \$769, with the outstanding balance due October 2041 and is secured by real estate.</p>	125,305	-
<p>Promissory notes from Old National Bank in the original amount of \$222,216, with interest at the rate of 4.0% and monthly payments of \$1,591. Refinanced with Farmers and Merchants Bank in the amount of \$126,618 with interest rate of 3.5%. Monthly payments are \$734, with the outstanding balance due July 2041. The note is secured by real estate.</p>	124,782	123,198
<p>Promissory note from Old National Bank in the original amount of \$249,900, with interest at the rate of 4.81% and monthly payment of \$1,955. Refinanced with Farmers and Merchants Bank in the amount of \$136,329 with interest rate of 3.5%. Monthly payments are \$1,348, with the outstanding balance due July 2041. The note is secured by real estate.</p>	131,549	132,107

**COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 7 – LONG-TERM DEBT – (continued)

<p>Promissory note from Old National Bank in the original amount of \$105,000, with interest at the rate of 4.81% and monthly payments of \$821. Refinanced with Farmers and Merchants Bank in the amount of \$107,279 with interest rate of 3.5%. Monthly payments are \$622, with the outstanding balance due July 2041. The note is secured by real estate.</p>	\$ 105,724	\$ 55,505
<p>Promissory note from the U.S. Department of Agriculture in the original amount of \$282,000 with interest at the rate of 4.25%. Monthly payments are \$1,224, with the outstanding balance due September 2043. The note is secured by real estate.</p>	207,627	213,358
<p>Promissory note from IHEDA in the original amount of \$179,500 with interest at the rate of 1%. Semi-annual payments of \$3,470 began in 2010. Outstanding balance is due June 30, 2025. The note is secured by real estate.</p>	113,912	119,670
<p>Promissory note from Fountain Trust Company in the original amount of \$100,000, with interest rate of 4.50% and monthly payments of \$633. Refinanced with Farmers and Merchants Bank in the amount of \$92,946 with interest rate of 3.5%. Monthly payments are \$539, with outstanding balance due July 2041. The note is secured by real estate.</p>	91,598	92,143
<p>Promissory note from IHEDA in the original amount of \$248,000 with interest at the rate of 1%. Semi-annual payments are \$4,795, with the outstanding balance due May 2022. The note is secured by real estate.</p>	138,718	146,858
<p>Promissory note from IHEDA in the original amount of \$240,000 with interest at the rate of 1%. Monthly payments are \$773 with the outstanding balance due June 2025. The note is secured by real estate.</p>	158,576	164,594
<p>Promissory note from Old National Bank in the original amount of \$103,500, with interest rate of 5.45% and monthly payments of \$714. Refinanced with Farmers and Merchants Bank in the amount of \$80,489 with interest rate of 3.5%. Monthly payments are \$467, with the outstanding balance due July 2041. The note is secured by real estate.</p>	79,322	79,477
<p>Promissory note from Fountain Trust Company in the original amount of \$72,500, with interest rate of 4.24% and monthly payments of \$449. Refinanced with Farmers and Merchants Bank in the amount of \$63,485 with interest rate of 3.5%. Monthly payments are \$368, with the outstanding balance due July 2041. The note is secured by real estate.</p>	62,565	62,844

**COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 7 – LONG-TERM DEBT – (continued)

Promissory note from Fountain Trust Company in the original amount of \$550,000, with interest rate of 4.24% and monthly payments of \$4,135. Refinanced with Farmers and Merchants Bank in the amount of \$442,634 with interest rate of 3.5%. Monthly payments are \$2,567, with the outstanding balance due July 2041. The note is secured by real estate.	\$ 436,216	\$ 435,038
Promissory note from the Farmers and Merchants Bank in the original amount of \$75,000 with interest of 3.9%. Monthly payments are \$451 with the outstanding balance due January 19, 2037. The note is secured by real estate.	61,575	64,518
Promissory note from the Farmers and Merchants Bank in the original amount of \$100,000 with interest of 4.6% adjustable every 5 years. Monthly payments are \$638 with the outstanding balance due April 16, 2038. The note is secured by real estate.	87,817	91,345
Promissory note from the Farmers and Merchants Bank to refinance six loans in the original amount of \$155,000 with interest of 4.5% adjustable after 10th payment. Monthly payments are \$1,606 with the outstanding balance due March 15, 2029. The note is secured by real estate.	119,057	132,642
Promissory note from the Farmers and Merchants Bank to refinance five loans in the original amount of \$371,719 with interest of 4.5% adjustable every 10 years. Monthly payments are \$2,844 with the outstanding balance due August 22, 2034. The note is secured by real estate.	328,967	347,840
Promissory note from Fountain Trust Company in the original amount of \$115,000, with interest rate of 4.25% and monthly payments of \$725. Refinanced with Farmers and Merchants Bank in the amount of \$96,265 with interest rate of 3.5%. Monthly payments are \$558, with the outstanding balance due July 2041. The note is secured by real estate.	94,868	95,160
Promissory note from Old National Bank in the original amount of \$103,500, with interest rate of 4.57% and monthly payments of \$659. Refinanced with Farmers and Merchants Bank in the amount of \$77,316 with interest rate of 3.5%. Monthly payments are \$448, with the outstanding balance due July 2041. The note is secured by real estate.	<u>76,195</u>	<u>75,892</u>
Sub-total	2,592,900	2,491,787
Less: current portion	<u>(263,860)</u>	<u>(168,562)</u>
Long-term debt (net of current portion)	<u>\$ 2,329,040</u>	<u>\$ 2,323,225</u>

**COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 7 – LONG-TERM DEBT – (continued)

Interest expense amounted to \$94,379 and \$98,759 during the years ended December 31, 2021 and 2020, respectively.

Maturities of long-term debt for the next five years and thereafter are as follows:

2022	\$	263,860
2023		130,394
2024		134,814
2025		356,669
2026		122,869
Thereafter		1,584,294
	\$	2,592,900

NOTE 8 – PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Organization entered into a \$200,000 Paycheck Protection Program (PPP) loan payable to The Farmers and Merchants Bank. Interest accrues at 1% and matures April 2022. During August 2021, the Organization received loan forgiveness, which is reflected in other income on the statement of activities.

NOTE 9 – EMPLOYEE BENEFITS

The Organization offers a 401(k)-retirement plan. An employee must be 21 years of age and have completed one-year of employment to be eligible. The Organization’s Board of Directors determines the amount of matching contributions (if any) that will be made each year not to exceed \$1,500 per plan participant per plan year. Matching contributions made by the Organization totaled \$70,573 and \$73,573 for the years ended December 31, 2021 and 2020, respectively.

NOTE 10 – INFORMATION ON LIQUIDITY

The Organization is funded through cost reimbursable government grants pass-through various nonprofit grantors. The Organization financial assets consist of cash, receivables and investments. None of these assets are designated by the board of directors or restricted by donors for any purpose.

For the purpose of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program and support activities to be general expenditures.

Financial assets available for cash needs for general expenditures within one year are \$1,560,195 and \$1,264,948 for the years ending December 31, 2021 and 2020, respectively.

SINGLE AUDIT SECTION

**COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal ALN</u>	<u>Grant or Identifying Number</u>	<u>Grant Award (in dollars \$)</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture				
Passed through the Indiana State Department of Health:				
Special Supplemental Nutrition Program for WIC	10.557	46277	498,382	\$ 326,336
Special Supplemental Nutrition Program for WIC	10.557	57549	477,228	<u>119,568</u>
				<u>445,904</u>
Child and Adult Care Food Program	10.558	1230043	N/A	<u>139,517</u>
Direct Program:				
Community Facilities Programs	10.766	15-23-356062298	N/A	<u>213,507</u>
Total U.S. Department of Agriculture				<u>798,928</u>
U.S. Department of Housing and Urban Development				
Passed through the Indiana Housing & Community Development Authority:				
Section 8 Housing Choice Vouchers	14.871	HCV-0200-06	N/A	<u>494,139</u>
Total U.S. Department of Housing and Urban Development				<u>494,139</u>
U.S. Department of Energy				
Passed through the Indiana Housing & Community Development Authority:				
Weatherization Assistance for Low-Income Persons	81.042	WX-020-009	310,407	72,044
Weatherization Assistance for Low-Income Persons	81.042	WX-021-009	244,642	<u>158,132</u>
Total U.S. Department of Energy				<u>230,176</u>
U.S. Department of Homeland Security				
Passed through the Emergency Food and Shelter Program National Board:				
Emergency Food and Shelter	97.024	Phase 37	35,242	16,797
Emergency Food and Shelter (CARES)	97.024	Phase CARES	51,605	19,446
Emergency Food and Shelter	97.024	Phase 38	38,088	<u>37,823</u>
Total U.S. Department of Homeland Security				<u>74,066</u>

See notes to Schedule of Expenditures of Federal Awards

**COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal ALN</u>	<u>Grant or Identifying Number</u>	<u>Grant Award (in dollars \$)</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services				
Passed through Area IV Agency on Aging and Community Action Programs:				
Special Programs for the Aging Title III	93.044	AAA-4-105:21	25,406	<u>20,906</u>
Passed through Indiana Housing and Community Development Authority:				
Low-Income Home Energy Assistance	93.568	LI-021-009	1,393,848	734,549
Low-Income Home Energy Assistance (CARES)	93.568	LI-CV-020-009	305,487	299,287
Low-Income Home Energy Assistance (ARPA)	93.568	LI-ARP-021-009	1,874,845	1,058,479
Low-Income Home Energy Assistance	93.568	WL-021-009	220,192	201,931
Low-Income Home Energy Assistance (ARPA)	93.568	ARPA-021-009	320,942	157,694
Community Services Block Grant Discretionary	93.569	CS-020-009-D	2,000	2,000
Community Services Block Grant Discretionary	93.569	CS-021-009-D	10,000	2,250
Community Services Block Grant	93.569	CS-020-009	300,918	48,859
Community Services Block Grant	93.569	CS-021-009	299,858	284,353
Community Services Block Grant (CARES)	93.569	CS-CV-020-009	415,847	<u>202,673</u>
				<u>2,992,075</u>
Passed through the Indiana State Department of Education:				
Child Care Development Fund	93.575	N/A	N/A	<u>8,087</u>
Direct Program:				
Head Start	93.600	05CH010793-02-01	3,526,895	411,178
Head Start	93.600	05CH010793-02-02	3,242,016	2,570,874
Head Start (CARES)	93.600	05CH010793-03	214,433	31,775
Head Start (ARPA)	93.600	05HE000268-01	421,168	36,728
Head Start (CARES)	93.600	05HE000268-01	105,941	<u>38,478</u>
				<u>3,089,033</u>
Total U.S. Department of Health and Human Services				<u>6,110,101</u>
Total Expenditures of Federal Awards				<u>\$ 7,707,410</u>

See notes to Schedule of Expenditures of Federal Awards

**COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Community Action Program, Inc. of Western Indiana and is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 – ENERGY ASSISTANCE PAYMENTS

Energy Assistance Payments expenditures under CFDA Number 93.568 include \$1,856,480 of energy assistance payments that were disbursed by the Indiana Housing and Community Development Authority on behalf of the Organization during the year ended December 31, 2021.

NOTE 4 – USDA COMMUNITY FACILITIES LOAN

Community Action Program, Inc. of Western Indiana obtained an USDA Community Facilities Loan in September 2003 in the amount of \$282,000. The loan bears an interest rate of 4.25% per annum and requires monthly payments of \$1,224. The loan matures in September 2043.

NOTE 5 – INDIRECT COST RATE

Community Action Program, Inc. of Western Indiana has elected not to use the 10% de minimis cost rate allowed under Uniform Guidance.

**COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
 SCHEDULE OF EXPENDITURES OF STATE AND LOCAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2021**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Grant or Identifying Number</u>	<u>Grant Award (in dollars \$)</u>	<u>State and Local Expenditures</u>
Passed through the Indiana Housing & Community Development Authority: State LIHEAP	WS-021-009	8,182	<u>\$ 587</u>
Total Expenditures of State and Local Awards			<u><u>\$ 587</u></u>

**COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2021**

Section II – Financial Statement Findings

FS-2020-001: Inability to produce accurate agency-wide GAAP financial reports

Condition: The Organization maintains project-based fund accounting that results in material adjustments to present the financial statements in compliance with GAAP. Additionally, accruals are booked to an isolated fund and not properly classified across expense accounts in their respective funds.

Recommendation: The Organization should undergo training to restructure the accounting software that will bridge the gap between the Organization's fund accounting and GAAP financial accounting.

Current Status: The Organization is in the process of restructuring the accounting software that will bridge the gap between the Organization's fund accounting and GAAP financial accounting.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings for the year ended December 31, 2020.



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

To the Board of Directors
Community Action Program, Inc. of Western Indiana
Covington, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Action Program, Inc. of Western Indiana (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 27, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Action Program, Inc. of Western Indiana's internal control over financial reporting (internal control) as a basis for designing 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 Community Action Program, Inc. of Western Indiana's internal control. Accordingly, we do not express an opinion on the effectiveness of Community Action Program, Inc. of Western Indiana'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 organization'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 identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item FS-2021-001 that we consider to be a material weakness. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.

Indianapolis, Indiana

September 27, 2022



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE *UNIFORM GUIDANCE***

To the Board of Directors
Community Action Program, Inc. of Western Indiana
Covington, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Community Action Program, Inc. of Western Indiana's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Community Action Program, Inc. of Western Indiana's major federal programs for the year ended December 31, 2021. Community Action Program, Inc. of Western Indiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Community Action Program, Inc. of Western Indiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Community Action Program, Inc. of Western Indiana and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Community Action Program, Inc. of Western Indiana's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Community Action Program, Inc. of Western Indiana's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Community Action Program, Inc. of Western Indiana's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Community Action Program, Inc. of Western Indiana's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures including examining, on a test basis, evidence regarding Community Action Program, Inc. of Western Indiana's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Community Action Program, Inc. of Western Indiana's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Community Action Program, Inc. of Western Indiana's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during the audit we did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, as defined above. However, material weaknesses may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
September 27, 2022

**COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified? Yes No

Type of auditor’s report issued: Unmodified

Any audit findings disclosed required to be reported in
Accordance with 2 CFR section 200.516(a) Yes No

Program tested as major program:

<u>Federal ALN</u>	<u>Name of Federal Program or Cluster</u>
81.042	U.S. Dept. of Energy – Weatherization Assistance
93.568	U.S. Dept. of Health and Human Services – Energy Assistance Program
93.569	U.S. Dept. of Health and Human Services – Community Services Block Grant

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

Auditee qualified as low-risk auditee? Yes No

**COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

Section II – Financial Statement Findings

FS-2021-001: Inability to produce accurate agency-wide GAAP financial reports

Condition: The Organization maintains project-based fund accounting that results in material adjustments to present the financial statements in compliance with GAAP. Additionally, accruals are booked to an isolated fund and not properly classified across expense accounts in their respective funds.

Criteria: Internal controls should be in place that permit the preparation of reliable financial statements. This would include a reliable process to produce accurate agency-wide GAAP financial reports.

Cause: Accounting system was not set up for agency-wide financial reporting in accordance with GAAP.

Effect: Material adjustments were required to roll forward net assets from the prior year, reverse prior year accruals, and record prior year prepaids.

Recommendation: The Organization should undergo training to restructure the accounting software that will bridge the gap between the Organization's fund accounting and GAAP financial accounting.

Views of Responsible Officials and Planned Corrective Actions: The Organization plans to make every effort to restructure the accounting software that will bridge the gap between the Organization's fund accounting and GAAP financial accounting.

Section III – Federal Award Findings and Questioned Costs

No federal award findings or questioned costs noted for the year ended December 31, 2021.