

**COMMUNITY ACTION PARTNERSHIP OF**  
**STRAFFORD COUNTY**

**FOR THE YEARS ENDED  
DECEMBER 31, 2018 AND 2017  
AND  
INDEPENDENT AUDITORS' REPORTS**

*Leone,  
McDonnell  
& Roberts*  
PROFESSIONAL ASSOCIATION

CERTIFIED PUBLIC ACCOUNTANTS

**COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY**

**DECEMBER 31, 2018 AND 2017**

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To the Board of Directors of  
Community Action Partnership of Strafford County  
Dover, New Hampshire

## **INDEPENDENT AUDITORS' REPORT**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Community Action Partnership of Strafford County (a New Hampshire nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Action Partnership of Strafford County as of December 31, 2018 and 2017, 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.

### **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (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. 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 11, 2019, on our consideration of Community Action Partnership of Strafford County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Action Partnership of Strafford County's internal control over financial reporting and compliance.

*Leone, McDonnell + Roberts*  
*Professional Association*

September 11, 2019  
Wolfeboro, New Hampshire



COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 749,630	\$ 361,179
Accounts receivable	1,106,724	1,094,461
Contributions receivable	63,800	115,800
Tax credits receivable	250,000	172,000
Inventory	13,420	11,532
Prepaid expenses	<u>58,266</u>	<u>9,609</u>
Total current assets	<u>2,241,840</u>	<u>1,764,581</u>
<b>NONCURRENT ASSETS</b>		
Security deposits	5,350	5,350
Property, net of accumulated depreciation	3,827,963	1,195,445
Other noncurrent assets	<u>27,500</u>	<u>12,500</u>
Total noncurrent assets	<u>3,860,813</u>	<u>1,213,295</u>
<b>TOTAL ASSETS</b>	<u>\$ 6,102,653</u>	<u>\$ 2,977,876</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Demand note payable	\$ 165,432	\$ 105,377
Accounts payable	408,959	217,582
Accrued payroll and related taxes	161,566	137,448
Accrued compensated absences	94,084	100,965
Refundable advances	415,335	391,376
Other current liabilities	<u>79,421</u>	<u>20,789</u>
Total current liabilities	1,324,797	973,537
<b>NONCURRENT LIABILITIES</b>		
Long term debt	<u>2,814,690</u>	<u>-</u>
Total liabilities	<u>4,139,487</u>	<u>973,537</u>
<b>NET ASSETS</b>		
Without donor restrictions	1,307,042	1,568,159
With donor restrictions	<u>656,124</u>	<u>436,180</u>
Total net assets	<u>1,963,166</u>	<u>2,004,339</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 6,102,653</u>	<u>\$ 2,977,876</u>

See Notes to Financial Statements

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>CHANGE IN NET ASSETS</b>			
<b>REVENUES AND OTHER SUPPORT</b>			
Grant revenue	\$ 7,846,142	\$ -	\$ 7,846,142
Fees for service	1,773,136	-	1,773,136
Rent revenue	25,109	-	25,109
Public support	189,972	228,410	418,382
In-kind donations	645,330	-	645,330
Interest	2,582	-	2,582
Fundraising	34,146	-	34,146
	<hr/>	<hr/>	<hr/>
Total revenues and support	10,516,417	228,410	10,744,827
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<hr/>	<hr/>	<hr/>
	8,466	(8,466)	-
	<hr/>	<hr/>	<hr/>
Total revenues, support, and net assets released from restrictions	10,524,883	219,944	10,744,827
	<hr/>	<hr/>	<hr/>
<b>EXPENSES</b>			
<b>Program services</b>			
Child services	3,890,640	-	3,890,640
Community services	861,420	-	861,420
Energy assistance	2,746,649	-	2,746,649
Housing	514,700	-	514,700
Weatherization	1,610,027	-	1,610,027
Workforce development	135,528	-	135,528
	<hr/>	<hr/>	<hr/>
Total program services	9,758,964	-	9,758,964
<b>Supporting activities</b>			
Management and general	956,693	-	956,693
Fundraising	70,343	-	70,343
	<hr/>	<hr/>	<hr/>
Total expenses	10,786,000	-	10,786,000
	<hr/>	<hr/>	<hr/>
<b>CHANGE IN NET ASSETS</b>	(261,117)	219,944	(41,173)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<hr/>	<hr/>	<hr/>
	1,568,159	436,180	2,004,339
	<hr/>	<hr/>	<hr/>
<b>NET ASSETS, END OF YEAR</b>	<hr/>	<hr/>	<hr/>
	\$ 1,307,042	\$ 656,124	\$ 1,963,166

See Notes to Financial Statements

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>			
<b>REVENUES AND OTHER SUPPORT</b>			
Grant revenue	\$ 7,454,864	\$ -	\$ 7,454,864
Fees for service	333,487	-	333,487
Rent revenue	19,472	-	19,472
Public support	147,071	342,260	489,331
In-kind donations	735,069	-	735,069
Interest	127	-	127
Fundraising	87,215	-	87,215
Other revenue	(2,106)	-	(2,106)
	<hr/>	<hr/>	<hr/>
Total revenues and support	8,775,199	342,260	9,117,459
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
	<hr/> 9,360	<hr/> (9,360)	<hr/> -
Total revenues, support, and net assets released from restrictions	<hr/> 8,784,559	<hr/> 332,900	<hr/> 9,117,459
<b>EXPENSES</b>			
<b>Program services</b>			
Child services	3,973,078	-	3,973,078
Community Services	780,471	-	780,471
Energy assistance	2,154,833	-	2,154,833
Housing	409,543	-	409,543
Weatherization	391,107	-	391,107
Workforce development	150,178	-	150,178
	<hr/>	<hr/>	<hr/>
Total program services	7,859,210	-	7,859,210
<b>Supporting activities</b>			
Management and general	790,496	-	790,496
Fundraising	78,112	-	78,112
	<hr/>	<hr/>	<hr/>
Total expenses	<hr/> 8,727,818	<hr/> -	<hr/> 8,727,818
<b>CHANGE IN NET ASSETS</b>	56,741	332,900	389,641
<b>NET ASSETS, BEGINNING OF YEAR</b>	<hr/> 1,511,418	<hr/> 103,280	<hr/> 1,614,698
<b>NET ASSETS, END OF YEAR</b>	<hr/> \$ 1,568,159	<hr/> \$ 436,180	<hr/> \$ 2,004,339

See Notes to Financial Statements

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (41,173)	\$ 389,641
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	116,390	84,399
(Increase) decrease in assets:		
Accounts receivable	(12,263)	97,494
Contributions receivable	52,000	(115,800)
Tax credits receivable	(78,000)	(164,000)
Inventory	(1,888)	(2,808)
Prepaid expenses	(48,657)	10,068
Security deposits	-	18,790
Other noncurrent assets	(15,000)	
Increase (decrease) in liabilities:		
Accounts payable	191,377	(145,482)
Accrued payroll and related taxes	24,118	(4,305)
Accrued compensated absences	(6,881)	21,475
Refundable advances	23,959	(46,909)
Other current liabilities	<u>58,632</u>	<u>20,789</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>262,614</u>	<u>163,352</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	<u>(80,315)</u>	<u>(352,793)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(80,315)</u>	<u>(352,793)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Return of deposit on building	200,000	-
Cash paid for debt issuance costs	(53,903)	-
Net borrowings on demand note payable	<u>60,055</u>	<u>32,704</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>206,152</u>	<u>32,704</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	388,451	(156,737)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>361,179</u>	<u>517,916</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 749,630</u>	<u>\$ 361,179</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	<u>\$ 40,830</u>	<u>\$ 6,251</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Property and equipment financed by long term debt	<u>\$ 2,867,874</u>	<u>\$ -</u>

See Notes to Financial Statements



COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Child Services</u>	<u>Community Services</u>	<u>Energy Assistance</u>	<u>Housing</u>	<u>Weatherization</u>	<u>Workforce Development</u>	<u>Total Program Services</u>	<u>Intermediate (Allocation) Pools</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Payroll	\$ 2,004,209	\$ 298,687	\$ 288,856	\$ 67,055	\$ 60,728	\$ 70,677	\$ 2,790,212	\$ 126,143	\$ 518,114	\$ 27,189	\$ 3,461,658
Payroll taxes	177,664	25,257	20,516	5,684	3,909	6,251	239,281	9,926	41,023	2,119	292,349
Fringe benefits	154,396	25,018	43,627	5,682	6,943	8,774	244,440	11,689	32,291	3,107	291,527
Weatherization material, fuel and client assistance	31,768	35,835	2,314,048	169,204	1,506,818	10,302	4,067,975	-	-	-	4,067,975
In-kind expenses	418,854	214,948	3,518	1,000	-	-	638,320	2,345	-	4,665	645,330
Consultants and contract labor	187,300	14,815	4,039	175,035	774	719	382,682	18,196	67,945	228	469,051
Consumable supplies	155,500	94,773	5,638	12,483	4,061	3,153	275,608	34,905	14,984	1,412	326,909
Rent	330,162	34,579	32,732	29,877	2,392	25,418	455,160	(384,847)	57,802	2,159	130,274
Repairs and maintenance	1,218	7,524	7,178	893	27	1,210	18,050	118,877	24,103	7,575	168,605
Utilities	99,440	6,278	9,956	10,998	1,762	3,735	132,169	(3,880)	18,286	439	147,014
Insurance	96,110	5,275	1,840	5,049	2,899	1,203	112,376	14,743	12,239	190	139,548
Meetings, events and training	65,699	10,624	4,476	100	4,750	-	85,649	327	44,322	1,299	131,597
Depreciation	59,157	28,327	391	3,955	-	2,320	94,150	-	22,240	-	116,390
Travel	87,435	11,624	2,945	996	3,339	1,339	107,678	(12,541)	11,221	978	107,336
Copying and postage	4,615	2,009	5,026	75	297	150	12,172	52	4,210	5,060	21,494
Retirement	12,733	1,321	1,230	418	218	179	16,099	307	5,290	31	21,727
Equipment and computer	2,813	38,015	442	26,193	6,030	98	73,591	63,582	-	1,314	138,487
Interest expense	-	963	-	-	5,080	-	6,043	-	34,787	-	40,830
Indirect costs	-	-	-	-	-	-	-	-	44,219	-	44,219
Other program support	1,567	5,548	191	3	-	-	7,309	176	3,617	12,578	23,680
 Total expenses	 \$ 3,890,640	 \$ 861,420	 \$ 2,746,649	 \$ 514,700	 \$ 1,610,027	 \$ 135,528	 \$ 9,758,964	 \$ -	 \$ 956,693	 \$ 70,343	 \$ 10,786,000

See Notes to Financial Statements

**COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Child Services</u>	<u>Community Services</u>	<u>Energy Assistance</u>	<u>Housing</u>	<u>Weatherization</u>	<u>Workforce Development</u>	<u>Total Program Services</u>	<u>Intermediate (Allocation) Pools</u>	<u>Management And General</u>	<u>Fundraising</u>	<u>Total</u>
Payroll	\$ 1,884,887	\$ 304,780	\$ 286,047	\$ 57,922	\$ 47,329	\$ 76,824	\$ 2,657,789	\$ 113,337	\$ 515,173	\$ 27,803	\$ 3,314,102
Payroll taxes	155,402	22,972	21,982	4,723	3,590	6,367	215,036	8,260	40,468	2,096	265,860
Fringe benefits	174,365	35,623	40,839	5,302	6,208	11,453	273,790	12,164	31,427	2,865	320,246
Weatherization material, fuel client assistance	85,880	22,329	1,724,551	169,525	300,926	14,291	2,317,502	-	-	-	2,317,502
In-kind expenses	496,927	195,086	-	26,061	5,392	-	723,466	-	-	11,603	735,069
Consultants and contract labor	262,576	9,498	6,664	106,135	620	971	386,464	16,167	53,898	274	456,803
Consumable supplies	209,950	90,209	2,402	1,859	1,650	4,860	310,930	14,436	17,595	3,621	346,582
Rent	290,038	22,415	29,557	8,301	6,969	25,391	382,671	(251,905)	36,180	3,520	170,466
Repairs and maintenance	10,630	11,520	10,318	6,107	-	951	39,526	86,873	22,481	7,152	156,032
Utilities	98,527	5,329	10,082	13,009	1,150	4,049	132,146	(9,375)	14,858	457	138,086
Insurance	89,440	5,657	1,792	5,276	3,189	1,248	106,602	11,401	17,975	194	136,172
Meetings, events and training	70,875	10,486	2,353	235	7,909	29	91,887	386	36,358	3,117	131,748
Depreciation	52,337	25,910	98	3,733	-	2,320	84,398	-	-	-	84,398
Travel	60,430	8,541	3,471	877	1,644	927	75,890	(14,582)	11,315	2,324	74,947
Copying and postage	8,400	7,553	9,317	26	98	147	25,541	20	13,865	5,142	44,568
Retirement	12,886	2,149	1,159	428	475	257	17,354	281	7,936	-	25,571
Equipment and computer	7,094	(6,091)	4,028	24	991	93	6,139	12,537	4,934	38	23,648
Interest expense	-	3,314	-	-	2,937	-	6,251	-	-	-	6,251
Indirect costs	-	-	-	-	-	-	-	-	(34,921)	-	(34,921)
Other program support	2,434	3,191	173	-	30	-	5,828	-	954	7,906	14,688
<b>Total expenses</b>	<b>\$ 3,973,078</b>	<b>\$ 780,471</b>	<b>\$ 2,154,833</b>	<b>\$ 409,543</b>	<b>\$ 391,107</b>	<b>\$ 150,178</b>	<b>\$ 7,859,210</b>	<b>\$ -</b>	<b>\$ 790,496</b>	<b>\$ 78,112</b>	<b>\$ 8,727,818</b>

See Notes to Financial Statements

## **COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY**

### **NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

#### **NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Nature of Organization**

Community Action Partnership of Strafford County (the Agency) is a 501(c)(3) private New Hampshire non-profit organization established under the provisions of the Equal Opportunity Act of 1964. Without services provided by the Agency, many local residents would be without a means to provide for their basic needs, including food, education, child care, utilities assistance, transportation, housing, emergency shelter and access to other services. The mission of the Agency is to educate, advocate and assist people in Strafford County to help meet their basic needs and promote self-sufficiency. The vision of the Agency is to eliminate poverty in Strafford County through compassion, education, self-sufficiency, transparency, accountability, team work, client focus and professionalism.

In addition to its administrative office located in Dover, the Agency maintains its outreach capacity by operating program offices in Farmington, Milton, Rochester, Dover and Somersworth. The Agency is funded by Federal, state, county and local funds, as well as United Way grants, public utilities, foundation and charitable grant funds, fees for service, private business donations, and donations from individuals. The Agency is governed by a tripartite board of directors made up of elected officials, community leaders from for-profit and non-profit organizations and residents who are low income. The board is responsible for assuring that the Agency continues to assess and respond to the causes and conditions of poverty in its community, achieve anticipated family and community outcomes, and remain administratively and fiscally sound. The Agency administers a wide range of coordinated programs to more than 15,000 people annually, and the programs are designed to have a measurable impact on poverty and health status among the most vulnerable residents: those under the age of 6, the elderly and those living in poverty. This coordinated approach is accomplished by providing a broad array of services that are locally defined, planned and managed with community agencies.

##### **Basis of Accounting**

The financial statements have been prepared using the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP) of the United States.



### **Financial Statement Presentation**

The financial statement presentation follows the recommendations of the Accounting Standard Codification No. 958-210, *Financial Statements of Not-For-Profit Organizations*. Under FASB ASC No. 958-210, the Agency is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Agency. These net assets may be used at the discretion of the Agency's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Agency or by passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

At December 31, 2018 and 2017, the Agency had net assets without donor and with donor restrictions.

### **Refundable Advances**

Grants received in advance are recorded as refundable advances and recognized as revenue in the period in which the related services are performed or expenditures are incurred.

### **Contributions**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as temporarily restricted or permanently restricted support, depending on the nature of the restriction. However, if a restriction is fulfilled in the same period in which the contribution is received, the Agency reports the support as unrestricted.

### **Contributed Services**

Donated services are recognized as contributions in accordance with FASB ASC No. 958, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance non-financial assets or (b) require specialized skills and would otherwise be purchased by the Agency.

Volunteers provided various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under FASB ASC No. 958 were not met.

**Fair Value of Financial Instruments**

Accounting Standard Codification No. 825, "Financial Instruments," requires the Agency to disclose estimated fair value for its financial instruments. The carrying amounts of cash, accounts receivable, inventory, prepaid expenses, accounts payable, accrued expenses, and refundable advances approximate fair value because of the short maturity of those instruments.

**Inventory**

Inventory materials are fixtures for installation and recorded at cost or contributed value, using the first-in, first-out method.

**Property and Depreciation**

Property and equipment, which have a cost greater than \$5,000, are capitalized at cost or, if donated, at the approximate fair value at the date of donation. Specific grants and awards may have a threshold lower than this amount and that program will abide by those guidelines. Assets are depreciated over their estimated useful lives using the straight-line method as follows:

Buildings and improvements	15 - 40 years
Furniture, equipment and machinery	3 - 10 years
Vehicles	5 - 7 years

Depreciation expense aggregated \$116,390 and \$84,398 for the years ended December 31, 2018 and 2017, respectively.

**Accrued Earned Time**

The Agency has accrued a liability of \$94,084 and \$100,965 at December 31, 2018 and 2017, respectively, for future compensated leave time that its employees have earned and which is vested with the employee.

**Income Taxes**

The Agency is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined the Agency to be other than a private foundation. The Agency is also exempt from the New Hampshire Business Enterprise Tax.

Accounting Standard Codification No. 740, "Accounting for Income Taxes", establishes the minimum threshold for recognizing, and a system for measuring, the benefits of tax return positions in financial statements. Management has analyzed the Agency's tax position taken on its information returns for the years 2015 through 2018 and has concluded that no additional provision for income taxes is necessary in the Agency's financial statements.

**Cash and Cash Equivalents**

The Agency considers all highly liquid financial instruments with original maturities of three months or less to be cash equivalents.



### **New Accounting Pronouncement**

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

### **Use of Estimates**

The presentation of financial statements in conformity with generally accepted accounting principles 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.

### **Advertising Expenses**

The Agency expenses advertising costs as they are incurred. Total advertising costs for the years ended December 31, 2018 and 2017 amounted to \$22,000 and \$22,984, respectively.

### **Debt Issuance Costs**

As required under FASB Accounting Standards Update No. 2015-03, amortization expense of \$719 has been included with interest expense in the statement of activities for 2018. There were no debt issuance costs for 2017. The unamortized deferred financing costs have been included as a reduction of the long term debt (See Note 9).

### **In-kind Donations**

The Agency pays below-market rent for the use of certain facilities. In accordance with generally accepted accounting principles, the difference between amounts paid for the use of the facilities and the fair value of the rental space has been recorded as an in-kind donation and as an in-kind expense in the accompanying financial statements. The estimated fair value of the donation was determined to be \$255,313 and \$232,667 for the years ended December 31, 2018 and 2017, respectively.

The Agency also receives contributed professional services that are required to be recorded in accordance with FASB ASC No. 958. The estimated fair value of these services was determined to be \$150,442 and \$86,313 for the years ended December 31, 2018 and 2017, respectively.

The Agency also receives contributed food commodities and other goods that are required to be recorded in accordance with FASB ASC No. 958. The estimated fair value of these food commodities and goods was determined to be \$181,461 and \$58,114, respectively, for the year ended December 31, 2018. For the year ended December 31, 2017, the estimated fair value of these food commodities and goods was determined to be \$121,757 and \$294,332, respectively.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, costs have been allocated among the program services and supporting activities benefited. Occupancy costs have been grouped and allocated to the programs as a line item. Such allocations have been determined by management on an equitable basis.

The expenses that are allocated include the following:

<b><u>Expense</u></b>	<b><u>Method of allocation</u></b>
Salaries and benefits	Time and effort
Occupancy	Square footage/revenues
Depreciation	Square footage
All other expenses	Approved indirect rate

**NOTE 2. PROPERTY**

As of December 31, 2018 and 2017, property consisted of the following:

	<b><u>2018</u></b>	<b><u>2017</u></b>
Land, buildings and improvements	\$ 3,993,017	\$ 1,268,065
Furniture, equipment and machinery	562,450	539,213
Vehicles	<u>249,779</u>	<u>249,779</u>
Total	4,805,246	2,057,057
Less accumulated depreciation	<u>977,283</u>	<u>861,612</u>
Net property	<u>\$ 3,827,963</u>	<u>\$ 1,195,445</u>

**NOTE 3. AVAILABILITY AND LIQUIDITY**

The following represents the Agency's financial assets as of December 31, 2018 and 2017:

	<b><u>2018</u></b>	<b><u>2017</u></b>
Financial assets at year end:		
Cash	\$ 749,630	\$ 361,179
Accounts receivable	1,106,724	1,094,461
Contributions receivable	63,800	115,800
Tax credits receivable	<u>250,000</u>	<u>172,000</u>
Total financial assets	2,170,154	1,743,440
Less amounts not available to be used within one year:		
Board restricted assets	<u>307,315</u>	<u>307,315</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,862,839</u>	<u>\$ 1,436,125</u>



The Agency's goal is generally to maintain financial assets to meet 30 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts.

**NOTE 4. ACCOUNTS RECEIVABLE**

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for uncollectible accounts was estimated to be zero at December 31, 2018 and 2017. The Agency has no policy for charging interest on overdue accounts.

**NOTE 5. CONTRIBUTIONS RECEIVABLE**

Contributions receivable represent promises to give, which have been made by donors but have not yet been received by the Agency. The Agency considers contributions receivable to be fully collectible; accordingly, no allowance for contributions receivable has been recorded. Total unconditional promises to give were as follows at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Within one year	\$ 28,300	\$ 52,400
In two to five years	35,500	26,400
Thereafter	<u>-</u>	<u>37,000</u>
	<u>\$ 63,800</u>	<u>\$ 115,800</u>

**NOTE 6. TAX CREDIT PROGRAM**

The New Hampshire Community Development Finance Authority's Tax Credit Program allows New Hampshire businesses to contribute to not-for-profit community, housing and economic development projects and receive a 75% New Hampshire state tax credit that can be applied against New Hampshire business profits, business enterprise and insurance premium taxes. Through this Tax Credit Program, the Agency recognized contribution revenue of \$78,000 and \$164,000 for the years ended December 31, 2018 and 2017, respectively. The total cumulative contribution revenue raised to date is \$250,000 as of December 31, 2018. At December 31, 2018 and 2017, the Agency had tax credits receivable of \$250,000 and \$172,000, respectively.

**NOTE 7. PLEDGED ASSETS**

As described in Note 8, all assets of the Agency are pledged as collateral under the Agency's demand note payable agreement. As described in Note 9, the building of the Agency is pledged as collateral under the Agency's mortgage note payable agreement.

**NOTE 8. DEMAND NOTE PAYABLE**

The Agency has available a revolving line of credit with a bank in the amount of \$250,000. The note is payable upon demand, but in the absence of demand, is due in September 2019. Interest is stated at the prime rate plus 1% which resulted in an interest rate of 6.50% and 5.50% at December 31, 2018 and 2017, respectively. The note is collateralized by all the assets of the Agency.

**NOTE 9. LONG TERM DEBT**

The long term debt at December 31, 2018 consisted of the following:

4.90% mortgage payable to Kennebunk Savings Bank with interest only payments for 36 months followed by principal and interest payments for 264 months for the first ten years. In 2028 principal and interest payments will adjust to 1.50% above the highest five-year Federal Home Loan Bank of Boston. The mortgage note payable is collateralized by the building and leases and rents of 577 Central Ave.	\$ 2,347,874
5.00% mortgage payable to the New Hampshire Community Loan Fund of interest only payments at for 36 months followed by principal and interest payments for 264 months. The mortgage note payable is collateralized by the building and leases and rents of 577 Central Ave.	<u>520,000</u>
Total long term debt before unamortized debt issuance costs	2,867,874
Unamortized deferred financing costs	<u>53,184</u>
Total long term debt	<u>\$ 2,814,690</u>

The schedule of maturities of long term debt at December 31, 2018 is as follows:

<b><u>Year Ended December 31</u></b>	<b><u>Amount</u></b>
2019	\$ -
2020	-
2021	18,343
2022	75,657
2023	79,448
Thereafter	<u>2,641,242</u>
Total	<u>\$ 2,814,690</u>

**NOTE 10. NET ASSETS**

At December 31, 2018 and 2017, net assets with donor restrictions consisted of the following:

	<u>2018</u>	<u>2017</u>
Summer Meals	\$ 51,621	\$ 3,094
Building Campaign - Pledges	238,385	121,908
Building Campaign - Tax Credits	250,000	172,000
Security deposits	32,145	18,425
New Hampshire Charitable Foundation	-	58,024
Revolving loan fund	52,736	-
Fuel assistance	23,566	-
Weatherization	7,671	-
Other programs	<u>-</u>	<u>62,729</u>
Total	<u>\$ 656,124</u>	<u>\$ 436,180</u>

At December 31, 2018 and 2017, net assets without donor restrictions consisted of the following:

	<u>2018</u>	<u>2017</u>
Undesignated	\$ 999,727	\$ 1,260,844
Board designated	<u>307,315</u>	<u>307,315</u>
Total net assets without donor restrictions	<u>\$ 1,307,042</u>	<u>\$ 1,568,159</u>

**NOTE 11. LEASE COMMITMENTS**

Facilities occupied by the Agency for its community service programs are rented under the terms of various leases. For the years ended December 31, 2018 and 2017, the annual lease/rent expense for the leased facilities was \$119,142 and \$155,065, respectively. Certain equipment is leased by the Agency under the terms of various leases.

The approximate future minimum lease payments on the above leases are as follows:

<u>Year Ended</u> <u>December 31</u>	<u>Amount</u>
2019	\$ 111,847
2020	108,067
2021	19,633
2022	<u>15,698</u>
Total	<u>\$ 255,245</u>



**NOTE 12. RETIREMENT PLAN**

The Agency maintains a 403(b) Plan and Trust (the Plan) covering substantially all employees. Employee contributions to the Plan are made at predetermined rates elected by employees. Additionally, the Agency provides a matching contribution equal to 25% of the employee's contribution up to 5% of the employee's compensation. Effective April 1, 2016, the Agency instituted an auto enrollment feature mandating a minimum 1% employee contribution; however, employees reserve the right to decline the auto enrollment. Employer matching contributions for the years ended December 31, 2018 and 2017 totaled \$21,727 and \$25,570, respectively.

**NOTE 13. CONCENTRATION OF RISK**

A large percentage of the Agency's total revenue was received from two contractors, the Federal Government and the State of New Hampshire. It is always considered to be at least reasonably possible that either contractor could be lost in the near term; however, Management feels this risk is of no particular concern at this time.

**NOTE 14. CONCENTRATION OF CREDIT RISK**

The Agency maintains its cash balances at several financial institutions in New Hampshire. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Agency maintains an agreement with its primary financial institution to collateralize the balances in excess of \$250,000.

**NOTE 15. CONTINGENCIES**

The Agency receives grant funding from various sources. Under the terms of these agreements, the Agency is required to use the funds within a certain period and for purposes specified by the governing laws and regulations. If expenditures were found not to have been made in compliance with the laws and regulations, the Agency might be required to repay the funds. No provisions have been made for this contingency because specific amounts, if any, have not been determined or assessed as of December 31, 2018 and 2017.

**NOTE 16. SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the statement of financial position date, but before financial statements are available to be issued. Recognized subsequent events are events or transactions that provide additional evidence about conditions that existed at the statement of financial position date, including the estimates inherent in the process of preparing financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the statement of financial position date but arose after that date. Management has evaluated subsequent events through September 11, 2019, the date the December 31, 2018 financial statements were available for issuance.

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH GRANTOR'S NAME</u>	<u>GRANTOR'S NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. Department of Agriculture</u>				
Child and Adult Care Food Program	10.558	State of New Hampshire Department of Education	4300-ZZZ	\$ 140,301
Child Nutrition Cluster				
Summer Food Service Program for Children	10.559	State of New Hampshire Department of Education	4300-ZZZ	\$ 92,945
National School Lunch Program	10.555	State of New Hampshire Department of Education	At-Risk After School Care Centers	<u>79,238</u> 172,183
Food Distribution Cluster				
Emergency Food Assistance Program (Food Commodities)	10.569	Belknap-Merrimack Community Action Partnership	None	<u>181,461</u>
Total U.S. Department of Agriculture				<u>\$ 493,945</u>
<u>U.S. Department of Housing and Urban Development</u>				
Supportive Housing for the Elderly	14.157	Dover Housing Authority	Dover Housing Authority	\$ 26,592
CDBG Entitlement Grants Cluster				
Community Development Block Grants / Entitlement Grants	14.218	City of Dover, New Hampshire	City of Dover	\$ 32,370
Community Development Block Grants / Entitlement Grants	14.218	City of Rochester, New Hampshire	City of Rochester	<u>35,804</u> 68,174
Emergency Solutions Grant Program	14.231	State of New Hampshire Department of Health and Human Services	05-95-42-423010-7927-102-500731	84,984
Continuum of Care	14.267	State of New Hampshire Department of Health and Human Services	05-95-42-423010-7927-102-500731	35,761
Supportive Housing Program	14.235	Community Partners / Behavioral Health / Services	Community Partners	<u>7,360</u>
Total U.S. Department of Housing and Urban Development				<u>\$ 222,871</u>
<u>U.S. Department of Labor</u>				
WIA Cluster				
WIA Adult Program	17.258	Southern New Hampshire Services, Inc.	2016-0003	\$ 29,497
WIA Dislocated Worker Formula Grants	17.278	Southern New Hampshire Services, Inc.	2016-0003	<u>23,508</u> 53,005
Total U.S. Department of Labor/WIA Cluster				<u>\$ 53,005</u>
<u>U.S. Department of Energy</u>				
Weatherization Assistance for Low-Income Persons	81.042	State of New Hampshire Governor's Office of Energy & Community Services	01-02-02-024010-7706-074-500587	\$ 88,784
Total U.S. Department of Energy				<u>\$ 88,784</u>
<u>U.S. Department of Health &amp; Human Services</u>				
Aging Cluster				
Special Programs for the Aging - Title III, Part B - Grants for Senior Energy	93.044	State of New Hampshire Division of Elderly and Adult services	010-048-7872-512-0352	\$ 1,131
Senior Transportation	93.044	State of New Hampshire Department of Health and Human Services, Nutrition & Trans. Services	05-95-48-48010-78720000-512-500352	<u>34,288</u> \$ 35,419
Maternal, Infant, and Early Childhood Home Visiting Cluster				
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	State of New Hampshire Department of Health and Human Services, DPH, BPHCS, Maternal & Health Section	05-95-90-902010-5896	158,707
Promoting Safe and Stable Families	93.556	State of New Hampshire, DHHS, Division for Children, Youth and Families	05-095-042-421010-29730000-102-500734-42107306	20,341
TANF Cluster				
Temporary Assistance for Needy Families	93.558	State of New Hampshire, DHHS, Division for Children, Youth and Families	05-095-045-450010-61460000-502-500891-42106603	100,597
Temporary Assistance for Needy Families	93.558	Southern New Hampshire Services, Inc.	13-DHHS-BWW-CSP-05	<u>77,772</u> 178,369
Low-Income Home Energy Assistance	93.568	State of New Hampshire Governor's Office of Energy & Planning	01-02-02-024010-77050000-074-500587	2,517,205
Low-Income Home Energy Assistance	93.568	State of New Hampshire Governor's Office of Energy & Planning	01-02-02-024010-77050000-074-500587	<u>242,892</u> 2,760,097
Community Services Block Grant	93.569	State of New Hampshire, DHHS, DFA	05-95-045-450010-714800000-102-500731	267,372
Head Start	93.600	Direct Funding	01CH996002 & 01HP000702	3,089,346
Stephanie Tubbs Jones Child Welfare Program	93.645	State of New Hampshire, DHHS, Division for Children, Youth and Families	05-095-042-421010-29680000-102-500734-42106802	4,422
Social Services Block Grant	93.667	State of New Hampshire, DHHS, Division for Children, Youth and Families	05-095-042-421010-29660000-102-500734-42106603	76,272
Maternal and Child Health Services Block Grant to the States	93.994	State of New Hampshire, DHHS, Division for Children, Youth and Families	05-095-090-902010-51900000-102-500731-90004009	<u>5,429</u>
Total U.S. Department of Health & Human Services				<u>\$ 6,595,774</u>
<u>Department of Homeland Security</u>				
Emergency Food and Shelter National Board Program	97.024	United Way National Board	596300-035	\$ 10,440
Total Department of Homeland Security				<u>\$ 10,440</u>
<b>TOTAL</b>				<u><b>\$ 7,464,819</b></u>
<b>NON-FEDERAL</b>				
Electrical Assistance Program		BMCAP		<u>\$ 170,862</u>

See Notes to Schedule of Expenditures of Federal Awards

**COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of Federal Awards (the Schedule) includes the federal award activity of Community Action Partnership of Strafford County under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Community Action Partnership of Strafford County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Agency.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3. INDIRECT COST RATE**

Community Action Partnership of Strafford County has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 4. FOOD DONATION**

Nonmonetary assistance is reported in the Schedule at the fair value of the commodities received and disbursed.

**NOTE 5. SUBRECIPIENTS**

Community Action Partnership of Strafford County had no subrecipients for the year ended December 31, 2018.



COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

**SCHEDULE OF REVENUES AND EXPENDITURES  
FOR THE ELECTRICAL ASSISTANCE PROGRAM  
FOR THE YEAR ENDED DECEMBER 31, 2018**

<b>Revenues</b>	<b>\$ 170,862</b>
<b>Expenditures</b>	
Payroll	\$ 96,235
Payroll taxes	6,526
Fringe benefits	15,532
Weatherization material, fuel and client assistance	301
Consumable supplies	876
Indirect costs	24,021
Insurance	335
Equipment and computer	3,674
Occupancy	15,828
Consultants and contract labor	3,414
Repairs and maintenance	7
Travel	1,179
Meetings, events and training	2,725
Copying & postage	1,152
Retirement	485
PR service	958
	<hr/>
	<b>\$ 173,248</b>

**Note:**

For the year ended December 31, 2018, the Electric Assistance Program, which is funded through the New Hampshire Public Utilities Commission with funds from the utility companies operating in the State of New Hampshire, was tested for compliance with the requirements of laws and regulations applicable to the contract with the Public Utilities Commission. In our opinion, Community Action Partnership of Strafford County complied, in all material respects, with the requirements outlined in the contract for the year ended December 31, 2018.

**COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY**

**INDEPENDENT AUDITORS' 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 of  
Community Action Partnership of Strafford County  
Dover, New Hampshire

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 Partnership of Strafford County (a New Hampshire nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows, and the related notes to the financial statements, and have issued our report thereon dated September 11, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Community Action Partnership of Strafford County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Action Partnership of Strafford County's internal control. Accordingly, we do not express an opinion on the effectiveness of Community Action Partnership of Strafford County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material



weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002 that we consider to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Community Action Partnership of Strafford County'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*.

### **Community Action Partnership of Strafford County's Response to Findings**

Community Action Partnership of Strafford County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Community Action Partnership of Strafford County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.

*Leone, McDonnell + Roberts*  
*Professional Association*

September 11, 2019  
Wolfeboro, New Hampshire

**COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY**

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

To the Board of Directors of  
Community Action Partnership of Strafford County  
Dover, New Hampshire

**Report on Compliance for Each Major Federal Program**

We have audited Community Action Partnership of Strafford County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Community Action Partnership of Strafford County's major federal programs for the year ended December 31, 2018. Community Action Partnership of Strafford County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Community Action Partnership of Strafford County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Action Partnership of Strafford County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Community Action Partnership of Strafford County's compliance.



### Opinion on Each Major Federal Program

In our opinion, Community Action Partnership of Strafford County 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, 2018.

### Report on Internal Control Over Compliance

Management of Community Action Partnership of Strafford County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Community Action Partnership of Strafford County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community Action Partnership of Strafford County's internal control over compliance.

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

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

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

*Leone, McDonnell + Roberts  
Professional Association*

September 11, 2019  
Wolfeboro, New Hampshire

## COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2018

#### **A. SUMMARY OF AUDITORS' RESULTS**

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Community Action Partnership of Strafford County were prepared in accordance with GAAP.
2. Two significant deficiencies disclosed during the audit of the financial statements are reported in the *Independent Auditors' 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*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Community Action Partnership of Strafford County, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs are reported in the *Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance*. No material weaknesses are reported.
5. The auditors' report on compliance for the major federal award programs for Community Action Partnership of Strafford County expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The programs tested as major were: U.S. Department of Health and Human Services, Low-Income Home Energy Assistance Program, CFDA 93.568, and Head Start, CFDA 93.600.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Community Action Partnership of Strafford County was determined to be a low-risk auditee.

#### **B. FINDINGS – FINANCIAL STATEMENTS AUDIT**

##### **2018-001 General Ledger Close and Adjusting Journal Entries**

Condition: A significant quantity of adjusting journal entries were provided by the Organization during the audit. Significant adjusting entries related to the following areas: cash, accrued payroll, pledges receivable and property. The adjusting entries were provided by management, and in certain cases, identified by the auditor.



Criteria: Internal controls should be in place to ensure that the activity of the Organization is being recorded in a timely and accurate manner.

Cause: Controls are not in place to ensure all required month and year end journal entries are being recorded in a timely and accurate manner.

Effect: Financial information utilized by management in making decisions may not be timely or accurate.

Recommendation: Procedures should be implemented to ensure all required month and year end journal entries are being recorded in a timely and accurate manner.

Views of Responsible Officials and Planned Corrective Action: It is our sad duty to report that Doug Surina, Finance Director, passed away in April 2019. He had been ill for two years and was in the process of transitioning his responsibilities to the new Finance Director when he passed. He was an important part of our team and projects. As a result of the timing of his illness and passing, some of the journal entries and general ledger close processes were not conducted in a timely manner in 2018.

CAPSC has transitioned to a new Finance Director, has a full complement of staff in the Finance Department and has taken steps to strengthen month end and year end processes including, but not limited to, additional documentation of completion, backups recorded to 365 (our secure server), and review of entries to ensure timely and accurate journal entries.

## **2018-002 Monthly Reconciliations**

Condition: Various statement of financial position accounts were not being reconciled to their subsidiary ledgers on a monthly basis.

Criteria: Internal controls should be in place to ensure that all statement of financial position accounts are reconciled on a monthly basis.

Cause: Internal controls are currently not in place to ensure monthly reconciliations are being completed on a consistent basis.

Effect: Financial information utilized by management in making decisions may not be timely or accurate.

Recommendation: Procedures should be implemented to ensure all monthly reconciliations are being performed.

Views of Responsible Officials and Planned Corrective Action: It is our sad duty to report that Doug Surina, Finance Director, passed away in April 2019. He had been ill for two years and was in the process of transitioning his responsibilities to the new Finance Director when he passed. He was an important part of our team and projects. As a result of the timing of his illness and passing, monthly reconciliations were not conducted in a timely manner in 2018.



CAPSC hired an outside bookkeeper on the recommendation of our auditor who, in conjunction with the Finance Department, brought the agency into compliance with reconciliations for 2019. Monthly reconciliations are on track and completed by the Finance Department as part of the monthly close out procedures. The auditor completed a visit with CAPSC to review reconciliation progress as well as the system put in place to continue timely reconciliations. The Finance Committee of the Board of Directors also receives updates at the finance meetings on the progress and any outstanding issues.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS  
AUDIT**

None

**COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**A. FINDINGS – FINANCIAL STATEMENTS AUDIT**

**2017-001 General Ledger Close and Adjusting Journal Entries**

Condition: A significant quantity of adjusting journal entries were provided by the Organization during the audit. Significant adjusting entries related to the following areas: cash, accrued payroll, pledges receivable, and pledge contributions. The adjusting entries were provided by management and in certain cases identified by the auditor.

Criteria: Internal controls should be in place to ensure that the activity of the Organization is being recorded in a timely and accurate manner.

Cause: Controls are not in place to ensure all required month and year end journal entries are being recorded in a timely and accurate manner.

Effect: Financial information utilized by management in making decisions may not be timely or accurate.

Recommendation: Procedures should be implemented to ensure all required month and year end journal entries are being recorded in a timely and accurate manner.

Current status: This finding was a repeat finding in 2018. See finding 2018-001 on pages 25-26.