



Organized Community Action Program, Inc.

FINANCIAL STATEMENTS

September 30, 2020



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Organized Community Action Program, Inc.
Troy, Alabama

Report on the Financial Statements

We have audited the accompanying financial statements of Organized Community Action Program, Inc. (a nonprofit organization) (the "Agency"), which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to 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 audit. We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 auditors consider 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 the Agency as of September 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States 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 October 6, 2021, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Agency's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama
October 6, 2021

Organized Community Action Program, Inc.
Statement of Financial Position

September 30, 2020

Assets

Current assets	
Cash and cash equivalents	\$ 354,374
Investments	175,000
Accounts receivable - grants	868,389
Accounts receivable - others	47,549
Accrued support	153,084
Prepaid items	10,248
<hr/>	
Total current assets	1,608,644
Non-current assets	
Accounts receivable - related party partnerships, net of \$296,000 allowance	390,729
Property and equipment, net	2,477,229
<hr/>	
Total non-current assets	2,867,958
<hr/>	
Total assets	<u>\$ 4,476,602</u>

Liabilities and Net Assets

Current liabilities	
Ledger overdraft	\$ 90,344
Accounts payable	475,839
Accrued expenses	265,789
Deferred support	127,868
Due to grantor	8,618
<hr/>	
Total liabilities	968,458
Net assets	
Without donor restrictions	3,508,144
With donor restrictions	-
<hr/>	
Total net assets	3,508,144
<hr/>	
Total liabilities and net assets	<u>\$ 4,476,602</u>

The accompanying notes are an integral part of these financial statements.

Organized Community Action Program, Inc.
Statement of Activities

<i>For the year ended September 30,</i>	Without Donor Restrictions	With Donor Restrictions	2020 Total
Revenue and Other Support			
Grant revenue	\$ 11,694,770	\$ -	\$ 11,694,770
Development fees	17,940	-	17,940
Donations	103,580	-	103,580
In-kind contributions	790,582	-	790,582
Insurance proceeds	88,820	-	88,820
Interest earned	5,519	-	5,519
Lease income	6,762	-	6,762
Miscellaneous income	2,457	-	2,457
Other income (loss)	(16,698)	-	(16,698)
Total revenue and other support	12,693,732	-	12,693,732
Expenses			
<i>Program services</i>			
Alabama Business Charitable Trust	90,418	-	90,418
Community Services Block Grant	594,681	-	594,681
Department of Children's Affairs Pre-K	385,968	-	385,968
Emergency Food and Shelter	97,521	-	97,521
Fatherhood	106,855	-	106,855
General Fund	14,896	-	14,896
Head Start	6,078,002	-	6,078,002
Housing Preservation	273,184	-	273,184
Local Funds	75,956	-	75,956
Low-Income Home Energy Assistance Program	3,267,292	-	3,267,292
U.S.D.A.	368,879	-	368,879
Weatherization	319,288	-	319,288
Total program services	11,672,940	-	11,672,940
<i>Supporting services</i>			
General and administrative	1,153,466	-	1,153,466
Total expenses	12,826,406	-	12,826,406
Change in net assets	(132,674)	-	(132,674)
Net assets at beginning of year	3,640,818	-	3,640,818
Net assets at end of year	\$ 3,508,144	\$ -	\$ 3,508,144

The accompanying notes are an integral part of these financial statements.

Organized Community Action Program, Inc.
Statement of Functional Expenses

For the year ended September 30, 2020

	Program Services							Head Start
	Alabama Business Charitable Trust	Community Services Block Grant	DCA Pre-K	Emergency Food and Shelter	Fatherhood	General Fund		
Salary and fringe benefits	\$ -	\$ 392,156	\$ 248,280	\$ -	\$ 79,923	\$ -	\$ 4,150,073	
Travel	-	4,539	2,310	-	2,438	-	5,610	
Contractual services	3,662	25,904	372	-	3,952	200	132,440	
Contractual food	-	-	18,200	-	-	-	34,055	
Supplies	73	29,070	95,590	-	2,036	994	421,607	
Board expense	-	30	-	-	-	10,202	4,268	
Utilities and telephone	-	16,780	-	-	521	-	140,075	
Lease and rent costs	-	4,800	-	-	90	-	84,413	
Printing	-	-	600	-	25	-	3,038	
Insurance	-	8,898	-	-	-	-	44,302	
Training	-	1,214	1,874	-	652	-	53,100	
Parent involvement	-	-	-	-	-	-	7,087	
Client assistance	86,683	38,511	160	97,521	1,130	3,500	430	
Repairs and maintenance	-	41,342	-	-	-	-	93,127	
Equipment and renovations	-	-	-	-	-	-	-	
Dues and subscriptions	-	30,775	-	-	-	-	3,535	
Tax and license	-	-	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	-	-	
Donated services	-	-	-	-	-	-	18,653	
Donated facilities, supplies and other	-	-	-	-	16,088	-	755,841	
Total expenses before depreciation	90,418	594,019	367,386	97,521	106,855	14,896	5,951,654	
Depreciation	-	662	18,582	-	-	-	126,348	
Total expenses	\$ 90,418	\$ 594,681	\$ 385,968	\$ 97,521	\$ 106,855	\$ 14,896	\$ 6,078,002	

(Continued)

The accompanying notes are an integral part of these financial statements.

Organized Community Action Program, Inc. Statement of Functional Expenses (Continued)

For the year ended September 30, 2020

	Program Services					Supporting Services		Total 2020
	Housing Preservation	Local Funds	LIHEAP	U.S.D.A.	Weatherization	Programs Subtotal	General and Administration	
Salary and fringe benefits	\$ 15,409	\$ 1,471	\$ 179,091	\$ -	\$ 90,849	\$ 5,157,252	\$ 883,803	\$ 6,041,055
Travel	518	87	-	-	749	16,251	3,331	19,582
Contractual services	-	52,772	10,000	-	3,945	233,247	50,334	283,581
Contractual food	-	-	-	355,293	-	407,548	-	407,548
Supplies	-	1,462	4,210	10,985	2,773	568,800	23,054	591,854
Board expense	-	192	-	-	-	14,692	2,610	17,302
Utilities and telephone	-	2,791	-	-	-	160,167	31,086	191,253
Lease and rent costs	-	-	-	-	-	89,303	7,645	96,948
Printing	-	-	-	-	-	3,663	300	3,963
Insurance	-	1,053	-	-	3,000	57,253	27,774	85,027
Training	-	-	-	-	734	57,574	2,524	60,098
Parent involvement	-	-	-	-	-	7,087	-	7,087
Client assistance	257,257	6,618	3,073,922	-	213,132	3,778,864	9,145	3,788,009
Repairs and maintenance	-	-	-	-	3,641	138,110	19,577	157,687
Equipment and renovations	-	-	-	-	-	-	53,733	53,733
Dues and subscriptions	-	-	-	-	-	34,310	1,391	35,701
Tax and license	-	275	-	-	-	275	73	348
Miscellaneous	-	1,610	-	-	-	1,610	1,323	2,933
Donated services	-	-	-	-	-	18,653	-	18,653
Donated facilities, supplies and other	-	-	-	-	-	771,929	-	771,929
Total expenses before depreciation	273,184	68,331	3,267,223	366,278	318,823	11,516,588	1,117,703	12,634,291
Depreciation	-	7,625	69	2,601	465	156,352	35,763	192,115
Total expenses	\$ 273,184	\$ 75,956	\$ 3,267,292	\$ 368,879	\$ 319,288	\$ 11,672,940	\$ 1,153,466	\$ 12,826,406

The accompanying notes are an integral part of these financial statements.

Organized Community Action Program, Inc.
Statement of Cash Flows

For the year ended September 30,

2020

Operating Activities

Change in net assets	\$	(132,674)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation		192,115
Loss on disposal of assets		16,698
Changes in operating assets and liabilities		
Accounts receivable - grants		(104,099)
Accounts receivable - others		189,784
Accrued support		(142,690)
Prepaid items		(6,443)
Ledger overdraft		90,344
Accounts payable		(68,262)
Due to grantor		(88,533)
Accrued expenses		(11,130)
Deferred support		(57,085)

Net cash used in operating activities		(121,975)
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Investing Activities

Purchase of property and equipment		(221,342)
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Net change in cash and cash equivalents		(343,317)
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Cash and cash equivalents at beginning of year		697,691
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Cash and cash equivalents at end of year	\$	354,374
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Non-Cash Transactions:

During the year ended September 30, 2020, the Agency disposed of capital assets totaling \$175,437 resulting from storm damage and \$13,421 was disposed of for capital assets transferred to another Agency.

The accompanying notes are an integral part of these financial statements.

Organized Community Action Program, Inc. Notes to Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION

Organization

Organized Community Action Program, Inc. (the “Agency”) is a non-profit agency engaged in the administration of federal, state, and local grants intended to aid in the reduction of the effects of poverty on the economically disadvantaged. The Agency is organized on a non-stock basis and is dependent on contributions and grants for continued operations.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Investments

The Agency’s investments consist of a certificate of deposit with an original maturity of more than three months from the date of acquisition. Investments are reported at amortized cost.

Accounts Receivable - Grants/Accrued Support

Grants receivable and accrued support represent pending reimbursements of program expenses incurred as of September 30, 2020, both billed and unbilled, and expected to be received from the funding sources in the subsequent year. Management considers grants receivable and accrued support at September 30, 2020 to be fully collectible. Accordingly, no allowance for delinquent grants receivable was recorded in the accompanying financial statements.

Organized Community Action Program, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable - Others

Accounts receivable - others represents monies owed from other funds, local monies, and miscellaneous receivables owed as of September 30, 2020, and expected to be received in the subsequent period. Management considers other receivables at September 30, 2020 to be fully collectible. Accordingly, no allowance for other receivables was made in the accompanying financial statements.

Accounts Receivable – Related Party Partnerships

Accounts receivable – related party partnerships consists of advances of funds to two partnerships, The Heatherton, Ltd. and Woodmere, Ltd. with no defined repayment terms. See Note 6 for receivable balance per partnership and allowance for doubtful accounts established.

Property and Equipment

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Fixed assets purchased with federal funds are reported to the grantors as program expenses in the period purchased in order to obtain reimbursement under grant agreements. For financial reporting, these assets, with an initial cost over \$5,000 are capitalized at cost and depreciated on the straight-line basis over the estimated useful lives of the assets, typically three to twenty years. Although grantor agencies may hold a reversionary interest in these assets, title rests with the Agency.

Deferred revenue

The Agency reports deferred revenue, if applicable, on its statement of financial position. Deferred revenues arise when resources generated by exchange transactions are received by the Agency before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met, or when the Agency has a legal claim to the resources, the liability for deferred revenue is removed from the statement of financial position and revenue is recognized.

Net Assets

The Agency reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Organized Community Action Program, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (continued)

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Agency, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition

Program service fees and certain payments under cost-reimbursable contracts are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Prior to the adoption of ASC 606, the Agency recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and collectability was reasonably assured.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

The Agency also receives funding from federal grants and contracts, which are conditioned upon certain performance requirements and/or occurrence of allowable qualifying expenses. Revenues are recognized when the Agency performs the contracted services or incurs expenditures in compliance with specific contract or grant provisions. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. The funding for the Agency's operations is significantly dependent on the receipt of federal grants.

Donated Assets

Donated investments are recorded as contributions at their fair values at the date of donation. Other noncash donations are recorded as contributions at cost at the date of purchase.

Organized Community Action Program, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Agency. Volunteers also provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited in accordance with the Agency's indirect cost allocation plan. The Agency uses direct salaries and wages including vacation, holiday, sick pay, and other paid absences but excluding all other fringe benefits as the base along with the approved indirect cost rate to allocate indirect costs to programs and supportive services. General and administrative expenses include those expenses that provide for the overall support and direction of the Agency.

Advertising

The Agency uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the year ended September 30, 2020, advertising costs were not material to the financial statements.

Income Taxes

The Agency has been granted an exemption from income taxes under Internal Revenue Code Section 501(c)(3) as a non-profit corporation. As required by Internal Revenue Service regulations, the Agency annually files Form 990 "Return of Agency Exempt from Income Tax" with the Internal Revenue Service.

The Agency's policy is to record interest and penalties related to taxes in interest expense on the financial statement; however, the Agency did not incur any interest or penalties related to taxes in fiscal year 2020.

The Agency utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of September 30, 2020, the Agency has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

Organized Community Action Program, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 6, 2021. See Note 20 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry specific guidance. For nonpublic entities, these amendments are effective for annual reporting periods beginning after December 15, 2018. Thus, on October 1, 2019, The Agency adopted the new revenue recognition standard (and related amendments) using the modified retrospective method. This adoption did not have a significant impact on the Agency's financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled Leases. Under the 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. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2020, as amended. Early adoption is permitted. The Agency is currently evaluating the impact of the guidance on its financial statements.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows, Classification of Certain Cash Receipts and Cash Payments. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. However, if it is impracticable to apply the amendments retrospectively for some of the issues, the amendments for those issues would be applied prospectively as of the earliest date practicable. For nonpublic entities, this guidance is effective for fiscal years beginning after December 15, 2018. Thus, on October 1, 2019, the Agency adopted the provisions of this ASU using a retrospective transition method. This adoption did not have a significant impact on the Agency's financial statements.

Organized Community Action Program, Inc.
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (continued)

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows, Restricted Cash, which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. For nonpublic entities, this guidance is effective for fiscal years beginning after December 15, 2018. Thus, on October 1, 2019 the Agency applied the provisions of this ASU using a retrospective transition method to each period presented. This adoption did not have a significant impact on the Agency's financial statements.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments in this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This new guidance is effective for transactions in which the Organization serves as a resource recipient for fiscal years beginning after December 15, 2018. Thus, on October 1, 2019 the Agency applied the provisions of this ASU on a modified prospective basis. This adoption did not have a significant impact on the Agency's financial statements.

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The Agency maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Agency's expenditures come due. The following reflects the Agency's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

<i>September 30,</i>	2020
Total assets at year end	\$ 4,476,602
Less non-financial assets	
Prepaid items	(10,248)
Accounts receivable - related party partnerships, net	(390,729)
Property and equipment, net	(2,477,229)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,598,396

The Agency is principally supported by its grants and fees charged for the services it provides. Cash required for operating needs and contractual commitments is drawn-down from the grantor to meet current commitments. The funds are generally available within a day of the request for payment.

Organized Community Action Program, Inc.
Notes to Financial Statements

Note 4: ACCOUNTS RECEIVABLE - GRANTS

Accounts receivable - grants consist of the following:

<i>September 30,</i>	Grant ID	2020
Child and Adult Care Food Program	9/30/2020	\$ 26,500
Head Start Grant	04CH011514-01	751,242
COVID-19 Head Start Grant	04CH011514-01-C3	90,647
		\$ 868,389

Note 5: ACCRUED SUPPORT

Accrued support consists of the following:

<i>September 30,</i>	Grant ID	2020
Community Services Block Grant	CS-010-CARES	\$ 17,966
Housing Preservation	FY 20/21	135,118
		\$ 153,084

Note 6: ACCOUNTS RECEIVABLE – RELATED PARTY PARTNERSHIPS

Accounts receivable – related party partnerships consists of the following:

<i>September 30,</i>	2020
The Heatherton, Ltd.	\$ 386,013
Woodmere, Ltd.	300,716
Less: Allowance for doubtful accounts	(296,000)
Accounts receivable - related party partnerships, net of allowance	\$ 390,729

The Agency has advanced funds to the partnerships to cover operating deficits. There are no defined repayment terms and no interest is being charged or accrued in relation to these receivables. The receivables are repayable from cash from operations or the proceeds from refinance or sale of the project as through a charge to support services and a credit to the allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances that management deems are uncollectible are written off. The allowance for doubtful accounts totaled \$296,000 at September 30, 2020.

Organized Community Action Program, Inc.
Notes to Financial Statements

Note 7: PROPERTY AND EQUIPMENT

The components of property and equipment at September 30, 2020, are as follows:

	Estimated Useful Live (in years)	2020
Building and related improvements	15 - 31.5	\$ 3,428,031
Equipment	5 - 10	689,255
Vehicles	5	260,792
		4,378,078
Less accumulated depreciation		(2,042,646)
		2,335,432
Land		119,263
Construction in progress		22,534
		141,797
Property and equipment, net		\$ 2,477,229

Depreciation expense for the year ended September 30, 2020 amounted to \$ 192,115.

Note 8: ACCRUED EXPENSES

Accrued expenses consisted of the following:

<i>September 30,</i>	2020
Payroll	\$ 134,052
Retirement	25,433
Vacation leave	82,070
Miscellaneous	24,234
	\$ 265,789
	\$ 265,789

Vacation leave

The Agency's policy and procedures, adopted by the Board of Directors, states that upon separation from service an employee shall be paid for the actual number of days annual leave the person has earned, up to a maximum of twenty days (160 hours).

Organized Community Action Program, Inc.
Notes to Financial Statements

Note 9: DEFERRED SUPPORT

Deferred support consists of the following:

<i>September 30,</i>	Grant ID	2020
Alabama Business Charitable Trust Fund		
Emergency Assistance Program	12/31/2020	\$ 16,990
Community Services Block Grant	CSBG-010-20	28,311
Low Income Home Energy Assistance	LIHEAP-010-20	14,230
Low Income Home Energy Assistance	LIWAP-010-20	3,723
Emergency Food & Shelter	Phase 36	4,168
Emergency Food & Shelter	Phase CARES	156
ABC Trust Efficiency	Various	25,000
AL Coronavirus Relief Fund	COVID-19	15,000
Weatherization Assistance for Low Income Persons	DOE-010-20	20,290
		<u>\$ 127,868</u>

Note 10: DUE TO GRANTOR

Due to grantor, consists of the following:

<i>September 30,</i>	Grant ID	2020
Alabama Business Charitable Trust Fund		
Emergency Assistance Program	Various	\$ 3,365
Low Income Home Energy Assistance	Various	4,839
Weatherization Assistance for Low Income Persons	Various	227
Emergency Food & Shelter	Phase 33 & 36	187
		<u>\$ 8,618</u>

Organized Community Action Program, Inc.
Notes to Financial Statements

Note 11: IN-KIND REVENUES

Donations per grant for the year ended September 30, 2020 were as follows:

	Fatherhood	Pre-K	Head Start	Total
Facilities	\$ 14,640	\$ -	\$ 286,219	\$ 300,859
Professional services	-	-	18,653	18,653
Program Supplies	1,448	-	469,622	471,070
In-kind contributions reflected in statement of activities	16,088	-	774,494	790,582
Non-professional services	10,821	95,023	617,299	723,143
Total in-kind contributions	\$ 26,909	\$ 95,023	\$ 1,391,793	\$ 1,513,725

The program supplies category includes donations of classroom material and supplies. These supplies are valued at cost.

The professional services category includes the services of attorneys, speech therapists, dentists, and doctors. These services are valued at professional billable rates for time incurred and donated.

The facilities category is comprised of land and building space and is needed to operate the programs administered by the Agency. The revenue is calculated based on estimated fair market rental values of space used.

The Agency also receives non-professional services from volunteers and other local agencies and individuals whose contributions do not meet the criteria for recognition as stated in Note 2. Therefore, the value of these contributions is not included in the financial statements.

Note 12: INSURANCE PROCEEDS

On April 14, 2019, an F1 tornado caused substantial damage to the Agency's central office. The Agency's roof was torn off resulting in major water damage to the interior of the office. A company specializing in disaster recovery and property restoration services mitigated the damage to the building by tarping the roof, drying the building, clearing the interior of property, storing property not damaged, and stripping floors and ceilings destroyed by the water. The cost of these services was negotiated by Hanover Insurance. The renovations and repairs to the central office were complete as of September 30, 2020. The cost of the renovations were reclassified from construction in progress to capital assets. Insurance proceeds received as of September 30, 2020 totaled \$88,820.

Organized Community Action Program, Inc. Notes to Financial Statements

Note 13: CONCENTRATIONS OF CREDIT RISK

Cash

The provisions of FASB ASC 825-10-50-21, Financial Instruments, identify deposits in excess of federally insured limits as a concentration of credit risk requiring disclosure, regardless of the degree of risk. At times, the Agency has on deposit funds in excess of the FDIC maximum coverage of \$250,000. The Agency manages these risks by maintaining all deposits in high quality financial institutions. At September 30, 2020, the uninsured balance totaled \$182,610.

Funding

Approximately 88% of the Agency's grant revenues were provided by the U.S. Department of Health and Human Services as direct programs or pass through programs for fiscal year 2020.

Note 14: CONTINGENCIES

The Agency relies on funding from federal sources. Discontinuation of, or a significant reduction in the level of this funding would directly impact the Agency's activities and programs.

The Agency is a general partner in a limited liability partnership, which operates a low-income multi-family apartment complex in south central Alabama (the "property"). The Agency's investment in the partnership is immaterial and therefore not recorded in the financial statements. An initial environmental study was conducted on the property, which indicated possible contamination in the soil that may require environmental remediation. The Agency is in the process of applying to participate in the Voluntary Cleanup Program administered by the Alabama Department of Environmental Management ("ADEM"). ADEM has under consideration a proposal to perform additional sampling of soil and groundwater on the property in an effort to determine what, if any, areas of the property may require remediation. At this time, it is not possible to determine the extent or cost of any remediation that may be determined necessary by ADEM. Therefore, no accrual for remediation costs have been included in these financial statements.

Organized Community Action Program, Inc.
Notes to Financial Statements

Note 15: COMMITMENTS

The Agency has operating leases associated with most, but not all, of its administrative offices, regional direct service offices, direct service centers, transportation yards and certain equipment. The leases expire in various years through 2025.

Minimum lease payments under noncancellable operating leases are as follows:

For the year ending September 30,

2021	\$	99,259
2022		87,986
2023		81,318
2024		61,685
2025		44,580
Total future minimum lease payments		\$ 374,828

Rent expense for the year ended September 30, 2020 was \$135,113.

Note 16: EMPLOYEE RETIREMENT PLAN

General Information about the Pension Plan

Plan Description

The Agency contributes to the Teachers' Retirement System of Alabama, a cost-sharing multiple-employer public employee retirement plan, which was established as of September 15, 1939, pursuant to the *Code of Alabama 1975, Title 16, Chapter 25* (Act 419 of the Legislature of 1939) for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions. The responsibility for the general administration and operating of TRS is vested in its Board of Control which consists of 15 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

Substantially all employees are members of the Employees' Retirement Systems of Alabama. Membership is mandatory for covered or eligible employees of the Agency.

Benefits provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the TRS. Benefits for TRS members vest after 10 years of creditable service. Teachers and state employees who retire after age 60 with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields

Organized Community Action Program, Inc. Notes to Financial Statements

Note 16: EMPLOYEE RETIREMENT PLAN (Continued)

Benefits provided (continued)

the highest monthly benefit. Under the formula method, members of the TRS are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 TRS members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the TRS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary based on the member's age, service credit, employment status, and eligibility for retirement.

Contributions

Covered members of the TRS contributed 5% of earnable compensation to the TRS as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, covered members of the TRS were required by a statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the TRS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the TRS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the TRS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the TRS are required by statute to contribute 8.50% of earnable compensation. Tier 2 covered members of the TRS contribute 6% of earnable compensation to the TRS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the TRS are required by statute to contribute 7% of earnable compensation.

Participating employers' contractually required contribution rate for the year ended September 30, 2020 was 12.43% of annual pay for Tier 1 members and 11.34% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability.

Organized Community Action Program, Inc.
Notes to Financial Statements

Note 16: EMPLOYEE RETIREMENT PLAN (Continued)

The following tables summarizes the multiemployer plan in which the Agency participated during the year ended September 30, 2020.

Pension Plan	EIN	FIP/RP Status	Agency Contributions	Contributions > 5% of Total to Plan?	Surcharge Imposed?
Teachers' Retirement Systems of Alabama	63-1103312	N/A	\$ 434,530	No	No

Pension Plan	Actuarial Value of Plan Assets	Actuarial determined benefit obligations of the Plan	Funded status of the Plan
Teachers' Retirement Systems of Alabama	\$ 26,681,234	\$ 37,752,800	65-80%

Note 17: POST EMPLOYMENT BENEFITS OTHER THAN PENSION

Contributions

The Alabama Retired Education Employees' Health Care Trust (Trust) is a cost-sharing multiple employer defined benefit postemployment healthcare plan that administers healthcare benefits to the retirees of participating state and local educational institutions. The Trust established under the Alabama Retiree Health Care Funding Act of 2007 which authorized and directed the Public Education Employees' Health Insurance Board (Board) to create an irrevocable trust fund to fund postemployment healthcare benefits to retirees.

The Public Education Employees' Health Insurance Fund (PEEHIF) was established in 1983 pursuant to the provisions of the Code of Alabama 1975, Title 16, Chapter 25A (ACT 83-455) to provide a uniform plan of health insurance for active and retired employees of state and local educational institutions which provide instruction at any combination of grades K-14 (collectively eligible employees), and to provide a method for funding the benefits related to the plan. Responsibility for the establishment of the health insurance plan and its general administration and operations is vested in the Board. The Board is a body corporate for purposes of management of the health insurance plan. The Code of Alabama 1975, Section 16-25A-4 provides the Board with the authority to amend the benefit provisions in order to provide reasonable assurance of stability in future years for the plan. All assets of the PEEHIF are held in trust for payment of health insurance benefits. The Teachers' Retirement System of Alabama (TRS) has been appointed as the administrator of the PEEHIF and, consequently, serves as the administrator of the Trust.

The assets of the Trust may not be used for any purpose other than to acquire permitted investments, pay administrative expenses and provide post-employment health care benefits to or for retired employees and their dependents. The Alabama Legislature has no authority or power to appropriate the

Organized Community Action Program, Inc. Notes to Financial Statements

Note 17: POST EMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

Contributions (continued)

assets of the Trust. The Board periodically reviews the funds available in the PEEHIF and determines if excess funds are available. If excess funds are determined to be available in the PEEHIF, the Board authorizes a transfer of funds from the PEEHIF to the Trust.

The Public Education Employees' Health Insurance Plan (PEEHIP) offers a basic hospital medical plan to active members and non-Medicare eligible retirees. Benefits include inpatient hospitalization for a maximum of 365 days without a dollar limit, inpatient rehabilitation, outpatient care, physician service, and prescription drugs. The Agency paid PEEHIP premiums during the fiscal year in the amount of \$1,263,479.

The PEEHIF received funds for its participation in the Employer Group Waiver Plan (EGWP) through December 31, 2016. The funds received are a result of the PEEHIF continuing prescription drug coverage for Medicare eligible retirees and dependents. Effective January 1, 2017 when PEEHIP moved to a fully insured MAPDP, PEEHIP only receives low Income Premium Subsidy payments from the EGWP program.

Note 18: PARTNERSHIP INVESTMENTS/RELATED PARTY TRANSACTIONS

The Agency is a partner in Troy Housing Partners, Ltd., Ozark Housing Partners, Ltd., Heatherton, Ltd., Woodmere, Ltd., OCAP Housing Development, Inc., Westgate Partners, Inc., Veranda Partners, Inc., Grady's Walk GP I, Inc., and Jubilee GP II, Inc. The Agency's investment costs in these partnerships are minimal. The Agency received \$9,940 in development fees from these partnerships during the fiscal year ended September 30, 2020. See Note 6 for accounts receivable related party partnerships.

The Agency approved the dissolution of Ozark Housing Partners, Ltd., which was recorded with the Probate Judge in Dale County, Alabama on April 18, 2019. Proceeds from the dissolution totaling \$58,462 was paid to the Agency during fiscal year 2019. The Agency received the remaining proceeds of \$8,000 in fiscal year 2020.

Note 19: UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Agency. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

Organized Community Action Program, Inc.
Notes to Financial Statements

Note 20: SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after September 30, 2020 through October 6, 2021, the date the Agency's financial statements were available to be issued.

Subsequent to year-end, the Agency entered into a 15-year commercial real estate loan with Troy Bank & Trust in the amount of \$400,000, bearing interest at 4.25 percent with monthly payments of \$3,021.29, including principal and interest. The mortgage was collateralized by the Agency's central office building at 507 North Three Notch Street Troy, AL 36081. The purpose of the loan is to finance repairs and renovations of Heatherton Apartments located in Greenville, AL. The Agency is a general partner of The Heatherton, Ltd. and owns .01% of the apartments.

**Organized Community Action Program, Inc.
Schedule of Expenditures of Federal Awards**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Agency or Pass-Through Grantor No.	Funds Provided to Subrecipients	Expenditures
U.S. Department of Health and Human Services				
Direct programs				
Head Start Grant**	93.600	04CH9947-05-00	\$ -	\$ 4,272,487
Head Start Grant**	93.600	04CH011514-01-04	-	1,463,738
COVID-19 Head Start Grant**	93.600	COVID-19 04CH011514-01-C3	-	292,459
Subtotal for 93.600/ Head Start Cluster			-	6,028,684
Passed through Alabama Department of Economic and Community Affairs				
Community Services Block Grant	93.569	CS-010-19	-	71,657
Community Services Block Grant	93.569	CS-010-20	-	527,027
COVID-19 Community Services Block Grant	93.569	COVID-19 CS-010-CARES	-	115,705
Subtotal for 93.569			-	714,389
Low Income Home Energy Assistance	93.568	LI-010-19	-	3,751
Low Income Home Energy Assistance	93.568	LI-010-20	-	3,283,100
Low Income Home Energy Assistance	93.568	LIWAP-010-19	-	134,993
Low Income Home Energy Assistance	93.568	LIWAP-010-20	-	13,427
Subtotal for 93.568			-	3,435,271
Passed through Alabama Department of Child Abuse and Neglect Prevention				
Temporary Assistance for Needy Families (TANF)	93.558	TANF 2020-206	-	95,000
Total U.S. Department of Health and Human Services			-	10,273,344
U.S. Department of Energy				
Passed through Alabama Department of Economic and Community Affairs				
Weatherization Assistance for Low Income Persons	81.042	DOE-010-19	-	173,627
Weatherization Assistance for Low Income Persons	81.042	DOE-010-20	-	7,828
Total U.S. Department of Energy			-	181,455

(Continued)

**Organized Community Action Program, Inc.
Schedule of Expenditures of Federal Awards (Continued)**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA No.	Agency or Pass-Through Grantor No.	Passed Through to Subrecipients	Expenditures
U.S. Department of Agriculture				
Direct programs				
Rural Housing Preservation Grant	10.433	FY 20/21	-	277,765
Passed through State Department of Education				
Child and Adult Care Food Program (CACFP)	10.558	AA8	-	355,293
Passed through Rural Development				
Community Facilities Loans and Grants ***	10.766	17-2014	-	10,985
Total U.S. Department of Agriculture			-	644,043
U.S. Department of Homeland Security				
Passed through United Way of America				
Emergency Food and Shelter Program				
Emergency Food and Shelter National Board Program	97.024	Phase 36	-	60,084
Emergency Food and Shelter National Board Program	97.024	Phase 37	-	12,973
COVID-19 Emergency Food and Shelter National Board Program	97.024	COVID-19 Phase CARES	-	24,464
Total U.S. Department of Homeland Security			-	97,521
U.S. Social Security Administration				
Passed through State Department of Education				
Social Security Disability Insurance *	96.001	N/A	-	160
Total Federal Expenditures			\$ -	\$ 11,196,523

* Disability Insurance/SSI Cluster

**Head Start Cluster

***Community Facilities Loans and Grants Cluster

Organized Community Action Program, Inc. Notes to Schedule of Expenditures of Federal Awards

Note 1: BASIS OF ACCOUNTING

This accompanying schedule of expenditures of federal awards (the "Schedule") was prepared on the modified accrual basis of accounting. The modified accrual basis differs from the full accrual basis of accounting in that expenditures for property, and equipment are expensed when incurred, rather than being capitalized and depreciated over their useful lives, and expenditures for the principal portion of debt service are expensed when incurred rather than being applied to reduce the outstanding principal portion of debt which conforms to the basis of reporting to grantors for reimbursement under the terms of the Agency's federal grants.

Note 2: INDIRECT COST

The Agency has not elected to use the 10% de Minimis indirect cost rate for the fiscal year ended September 30, 2020.

Note 3: BASIS OF PRESENTATION

The amounts reported in the Schedule were obtained from the Agency's general ledger. Because the Schedule presents only a selected portion of the operations, it is not intended to and does not present the financial positions, changes in net assets and cash flows of the Agency.

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly with the federal government and other pass-through entities. Payments received for goods or services provided as a vendor do not constitute federal awards for purposes of the Schedule. The Agency has obtained Catalog of Federal Domestic Assistance (CFDA) numbers to ensure that all programs have been identified in the Schedule. CFDA numbers have been appropriately listed by applicable programs. Federal programs with different CFDA numbers that are closely related because they share common compliance requirements are defined as a cluster by the Uniform Guidance. Three clusters was identified in the schedule as follows:

Head Start Cluster

This cluster provides awards to promote school readiness of low-income children (including American Indians, Alaska Natives, and migrant and season farm workers) by enhancing children's cognitive, social and emotional development.

Social Security/SSI Cluster

This cluster includes awards that provide benefits to disabled wage earners and their families in the event the family wage earner becomes disabled. The Social Security Administration is responsible for administering the Disability Insurance and Supplemental Security Income programs.

Organized Community Action Program, Inc. Notes to Schedule of Expenditures of Federal Awards

Note 3: BASIS OF PRESENTATION (Continued)

Community Facilities Loans and Grants Cluster

This cluster provides loan and grant funds for the development of essential community facilities for public use in rural communities. Funds may be used to construct, enlarge, extend, or otherwise improve essential community facilities providing essential services primarily to rural residents and rural businesses.

Note 4: RELATIONSHIP OF THE SCHEDULE TO PROGRAM FINANCIAL REPORTS

The amounts reflected in the financial reports submitted to the awarding federal and/or pass-through agencies and the Schedule may differ. Some of the factors that may account for any difference include the following:

- The Agency's fiscal year end may differ from the program's year-end.
- Accruals recognized in the Schedule, because of year-end procedures, may not be reported in the program financial reports until the next program reporting period.
- Fixed asset purchases and the resultant depreciation charges may be recognized as fixed assets in the Agency's financial statements and as expenditures in the program financial reports and the Schedule.

Note 5: FEDERAL PASS-THROUGH FUNDS

The Agency is also the sub-recipient of federal funds that have been subjected to testing and are reported as expenditures and listed as federal pass-through funds. Federal awards other than those indicated as "pass-through" are considered direct.

Note 6: FACILITIES AND ADMINISTRATIVE COSTS (F&A COSTS)

The Agency operates under predetermined fixed indirect cost rates that are effective through September 30, 2020. The base rate for indirect cost recoveries is 15.15% for the year ended September 30, 2020.

Note 7: CONTINGENCIES

Grant monies received and disbursed by the Agency are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. The Agency does not believe that such disallowance, if any, would have a material effect on its financial position. As of September 30, 2020, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

**Organized Community Action Program, Inc.
Notes to Schedule of Expenditures of Federal Awards**

Note 8: NONCASH ASSISTANCE

The Agency did not receive any federal noncash assistance for the fiscal year ended September 30, 2020.

Note 9: SUBRECIPIENTS

The Agency did not provide federal funds to subrecipients for the year ended September 30, 2020.

Note 10: LOANS AND LOAN GUARANTEES

The Agency did not have any loans or loan guarantee programs required to be reported on the Schedule for the fiscal year ending September 30, 2020.

Note 11: FEDERALLY FUNDED INSURANCE

The Agency did not have any federally funded insurance required to be reported on the Schedule for the fiscal year ending September 30, 2020.

Note 12: RECONCILIATION BETWEEN SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND GRANT REVENUE ON STATEMENT OF ACTIVITIES

Grant revenue reported on the Statement of Activities includes all state, local, and federal grant revenue earned by the Agency for the fiscal year ending September 30, 2020. The schedule of expenditures of federal awards only includes federal grant revenue earned by the Agency based on expenditures for the fiscal year ending September 30, 2020.

A reconciliation for the year ended September 30, 2020 is as follows:

	2020
Federal expenditures per schedule of expenditures of federal awards	\$ 11,196,523
Plus non-federal grant revenue:	
DCA Pre-K	390,498
Alabama Business Charitable Trust	93,013
State General Fund	14,896
Less federal grant reported as a reduction in insurance expense:	
Social Security Disability Insurance Funds	(160)
Grant revenue per statement of activities	\$ 11,694,770



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**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***

Board of Directors
Organized Community Action Program, Inc.
Troy, Alabama

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 Organized Community Action Program, Inc. (a nonprofit organization) (the Agency), which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated October 6, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency'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 financial statements. 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

October 6, 2021



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

Board of Directors
Organized Community Action Program, Inc.
Troy, Alabama

Report on Compliance for Each Major Federal Program

We have audited Organized Community Action Program, Inc.'s (the Agency) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Agency's major federal program for the year ended September 30, 2020. The Agency's major federal program is identified in the summary of auditor's 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 the Agency's major federal program 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 the Agency'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 the Agency's compliance.

Opinion on Each Major Federal Program

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of the Agency 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 the Agency'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 the Agency's internal control over compliance.

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

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

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama
October 6, 2021

**Organized Community Action Program, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2020**

Section I - Summary of Auditors' Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditors' report issued on whether the financial statements were prepared in accordance with GAAP | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|--|------------|
| 1. Type of auditors' report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | None noted |
| 4. Identification of major programs | |

CFDA Number	Federal Program
93.568	Low Income Home Energy Assistance
5. Dollar threshold used to distinguish between type A and type B programs	\$750,000
6. Auditee qualified as low-risk under 2CFR 200.520	Yes

Section II – Financial Statement Findings

No such findings noted.

Section III – Federal Award Findings and Questioned Costs

No such findings or questioned costs in the current year.

**Organized Community Action Program, Inc.
Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2020**

There were no audit findings reported in the prior year.