

**CAYUGA/SENECA COMMUNITY
ACTION AGENCY, INC.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

(WITH INDEPENDENT AUDITORS' REPORT THEREON)

JULY 31, 2019

**CAYUGA/SENECA COMMUNITY
ACTION AGENCY, INC.**

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Cayuga/Seneca Community Action Agency, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Cayuga/Seneca Community Action Agency, Inc. (the Agency) (a nonprofit organization), which comprise the statement of financial position as of July 31, 2019, 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency'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 Agency'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 Cayuga/Seneca Community Action Agency, Inc. as of July 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States 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* (Uniform Guidance), 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 the Government Auditing Standards, we have also issued our report dated February 4, 2020, 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 the Agency's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Cayuga/Seneca Community Action Agency, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 5, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

EFPR Group, CPAs, PLLC

Williamsville, New York
February 4, 2020

Cayuga Seneca Community Action Agency, Inc.
Statement of Financial Position
July 31, 2019
With Comparative Totals for 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Current Assets		
Cash	\$ 110,086	105,926
Prepaid expenses	7,037	19,547
Accounts receivable	912,548	1,117,960
Total current assets	<u>1,029,671</u>	<u>1,243,433</u>
Property and Equipment		
Land	41,021	41,021
Construction in progress	1,288,697	131,036
Building	1,791,524	1,791,524
Equipment	227,026	227,026
Vehicles	835,865	1,065,094
	<u>4,184,133</u>	<u>3,255,701</u>
Less accumulated depreciation	(2,179,208)	(2,282,008)
Net property and equipment	<u>2,004,925</u>	<u>973,693</u>
Other Assets		
Security deposits	13,580	14,556
Investments	-	10,650
Total other assets	<u>13,580</u>	<u>25,206</u>
Total Assets	<u>\$ 3,048,176</u>	<u>2,242,332</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Current portion of long-term debt	\$ 31,237	35,078
Lines of credit	638,170	643,124
Accounts payable	257,335	349,056
Accrued expenses	96,466	161,527
Deferred revenue	1,312	123,061
Total current liabilities	<u>1,024,520</u>	<u>1,311,846</u>
Long-Term Debt, net of current portion	<u>222,946</u>	<u>262,961</u>
Total Liabilities	<u>1,247,466</u>	<u>1,574,807</u>
Net Assets		
Net assets without donor restrictions	1,533,296	403,106
Net assets with donor restrictions	267,414	264,419
Total net assets	<u>1,800,710</u>	<u>667,525</u>
Total Liabilities and Net Assets	<u>\$ 3,048,176</u>	<u>2,242,332</u>

See accompanying notes to financial statements.

Cayuga Seneca Community Action Agency, Inc.
Statement of Activities
For the Year Ended July 31, 2019
With Comparative Totals for 2018

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>	
			<u>2019</u>	<u>2018</u>
Support and Revenue				
Federal grants	\$ 6,032,639	-	6,032,639	5,967,752
State grants	1,111,790	-	1,111,790	886,679
School district grants	945,481	-	945,481	1,072,387
Other local grants	78,495	36,549	115,044	224,635
Donations	267	100,692	100,959	122,430
In-kind donations	1,078,638	-	1,078,638	2,637,344
In-kind donation - forgiveness of debt	8,000	-	8,000	8,000
Fundraising income	15,157	30,935	46,092	55,247
Program fees	444,954	-	444,954	369,675
Interest income	3,041	-	3,041	201
Rent	12,817	-	12,817	16,650
Miscellaneous	(5,704)	-	(5,704)	78,021
Net assets released from restriction	165,181	(165,181)	-	-
Total support and revenue	<u>9,890,756</u>	<u>2,995</u>	<u>9,893,751</u>	<u>11,439,021</u>
Expenses				
Program services	9,008,921	-	9,008,921	10,653,377
Fundraising	5,313	-	5,313	10,386
Management and general	903,993	-	903,993	922,079
Total expenses	<u>9,918,227</u>	<u>-</u>	<u>9,918,227</u>	<u>11,585,842</u>
Change in Net Assets from Operating Activities				
	<u>(27,471)</u>	<u>2,995</u>	<u>(24,476)</u>	<u>(146,821)</u>
Non-Operating Activities				
State Capital Development Grant	772,661	-	772,661	-
Capital Development - In-Kind	385,000	-	385,000	-
Total Non-Operating Activities	<u>1,157,661</u>	<u>-</u>	<u>1,157,661</u>	<u>-</u>
Change in Net Assets	1,130,190	2,995	1,133,185	(146,821)
Net Assets at Beginning of Year	<u>403,106</u>	<u>264,419</u>	<u>667,525</u>	<u>814,346</u>
Net Assets at End of Year	<u>\$ 1,533,296</u>	<u>267,414</u>	<u>1,800,710</u>	<u>667,525</u>

See accompanying notes to financial statements.

Cayuga Seneca Community Action Agency, Inc.
Statement of Functional Expenses
For the Year Ended July 31, 2019
With Comparative Totals for 2018

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>	
				<u>2019</u>	<u>2018</u>
Salaries	\$ 3,802,633	-	566,364	4,368,997	4,434,716
Payroll taxes and employee benefits	970,245	-	206,014	1,176,259	1,284,761
Supplies	255,224	5,313	41,786	302,323	250,702
In-kind expenses	1,072,584	-	-	1,072,584	2,629,383
In-kind interest expenses	6,054	-	-	6,054	7,961
Telephone	117,325	-	7,075	124,400	86,543
Repairs and maintenance	79,943	-	12,899	92,842	75,969
Insurance	107,333	-	20,374	127,707	114,305
Rent and utilities	574,535	-	-	574,535	266,618
Food	212,137	-	-	212,137	217,334
Printing and publications	50,313	-	-	50,313	45,975
Contractual	757,094	-	19,649	776,743	1,103,001
Professional fees	15,295	-	-	15,295	15,863
Subcontracting and materials	207,567	-	-	207,567	254,607
Travel	238,525	-	-	238,525	254,521
Training	64,500	-	8,986	73,486	41,682
Interest	22,327	-	20,846	43,173	36,890
Other program expenses	327,614	-	-	327,614	326,399
Total expenses before depreciation	<u>8,881,248</u>	<u>5,313</u>	<u>903,993</u>	<u>9,790,554</u>	<u>11,447,230</u>
Depreciation	127,673	-	-	127,673	138,612
Total expenses	<u>\$ 9,008,921</u>	<u>5,313</u>	<u>903,993</u>	<u>9,918,227</u>	<u>11,585,842</u>

See accompanying notes to financial statements.

Cayuga Seneca Community Action Agency, Inc.
Statement of Cash Flows
For the Year Ended July 31, 2019
With Comparative Totals for 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 1,133,185	(146,821)
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation	127,673	138,612
Debt forgiveness	(8,000)	(8,000)
Changes in:		
Prepaid expenses	12,510	23,298
Accounts receivable	205,412	(432,591)
Security deposits	976	410
Investments	10,650	-
Accounts payable	(91,721)	235,473
Accrued expenses	(65,061)	(22,922)
Deferred revenue	(121,749)	(29,851)
Net cash provided by (used in) operating activities	<u>1,203,875</u>	<u>(242,392)</u>
Cash Flows from Investing Activities - purchase of property and equipment	<u>(1,154,746)</u>	<u>(78,354)</u>
Cash Flows from Financing Activities:		
Repayment of long-term debt	(40,015)	(50,720)
Borrowing (repayment) on line of credit	(4,954)	372,975
Net cash provided by (used in) financing activities	<u>(44,969)</u>	<u>322,255</u>
Net Change in Cash	4,160	1,509
Cash at Beginning of Year	<u>105,926</u>	<u>104,417</u>
Cash at End of Year	<u>\$ 110,086</u>	<u>105,926</u>
Supplemental Schedule of Cash Flow Information:		
Cash paid during the year for interest	<u>\$ 43,173</u>	<u>36,890</u>
Non-cash investing and financing activities - State Capital Development Grant	<u>\$ 772,661</u>	<u>-</u>
Non-cash investing and financing activities - in-kind additions	<u>\$ 385,000</u>	<u>-</u>
Non-cash investing and financing activities - financed asset additions	<u>\$ -</u>	<u>58,884</u>
Non-cash investing and financing activities - gifted asset additions	<u>\$ -</u>	<u>19,470</u>
Disposal of fully depreciated assets	<u>\$ 229,229</u>	<u>-</u>

See accompanying notes to financial statements.

CAYUGA/SENECA COMMUNITY ACTION AGENCY, INC.
Notes to Financial Statements
July 31, 2019

Note 1. Summary of Significant Accounting Policies

Nature of Activities - The mission of Cayuga/Seneca Community Action Agency, Inc. (the Agency) is to cultivate a community where all people are respectfully supported and empowered to embrace opportunities for learning, growth and economic security. The Agency's vision is to be recognized for its:

- Commitment to empowering those seeking assistance to achieve and sustain economic security.
- Organizational excellence and continued improvement working with employees, community and partners.

The accompanying financial statements represent and include all of the accounts and programs operated by the Agency. The Agency is governed by a Board of Directors comprised of volunteers representing various segments of Cayuga and Seneca Counties. The Agency employs professional staff to perform the various program functions. The Agency's support comes primarily from fees and grants from governmental agencies and in-kind contributions.

The following is a description of the prominent programs administered by the Agency:

Early Childhood Program - The Agency's Early Childhood Program is a federally funded program that provides support and services to hundreds of children and families in Cayuga County. Children and their families are supported through a comprehensive program of health, education, nutrition, and family services. The Agency works closely in collaboration with the Auburn, Moravia, Southern Cayuga and Cato school districts to focus on School Readiness Goals and New York State Early Learning Standards. The Agency has Universal Pre-Kindergarten (UPK) partnerships with Auburn, Southern Cayuga and Moravia. The Early Childhood Program consists of the following programs:

- **Early Head Start** - A community-based program for low-income families with infants, toddlers and pregnant women, and serves children from birth to age 2.
- **Head Start** - A program specifically for children ages 3 to 5, providing educational, health, nutritional, social and family support.
- **Universal Pre-Kindergarten (UPK)** - A New York state-funded program for 4-year-olds, one year prior to their entry into kindergarten.
- **3PK** - A pre-kindergarten state-funded program for 3-year-olds
- **Back Pack Program** - Provides children enrolled in the Head Start Program in Auburn with nutritious food on the weekend, during the third week of each month when other household resources have dwindled.

Energy Services Program - Energy Services offers a wide range of services using highly skilled staff and a well-developed network of providers that offer complementary programs. Many of the customers of Energy Services' largest program, the Weatherization Assistance Program, fall well below the level of 60% of the state median income set as a requirement for the Weatherization, Home Energy Assistance, and EmPower NY Programs. Many of these customers also pay over 50% of their monthly take-home pay for housing costs. Energy Services provides critical support that allows families and individuals to use what precious resources they have towards other basic necessities such as healthy food, medical care, and transportation. Customers will also work very closely with Energy Services staff to access other programs and services that may help them reach and maintain self-sufficiency. The Energy Services Program consists of the following programs:

- **The Weatherization Assistance Program** - Funded by the U.S. Department of Energy and the Department of Health and Human Services and is administered by New York State Department of Housing and Community Renewal. A trained auditor will conduct a comprehensive energy audit of the home. Based on the audit and funds available, weatherization measures, which have been determined to be the most cost effective in reducing energy consumption and increasing comfort, will be performed. Activities may include insulation, energy efficient lighting, health and safety measures such as carbon monoxide and smoke detectors, draft reduction using the latest air sealing techniques,

CAYUGA/SENECA COMMUNITY ACTION AGENCY, INC.
Notes to Financial Statements, Continued

insulation, window and door repair or replacement and refrigerator replacement. Heating systems are cleaned and tuned to perform more efficiently and are repaired or replaced if deemed necessary. Eligibility for program participation is based on income and previous weatherization services received. Rental units and owner-occupied dwellings are eligible for the program.

- **EmPower New York (EmPower NY)** - An energy efficiency program for tenants and homeowners, funded by the New York State Energy Research Development Authority (NYSERDA) and implemented by Honeywell International, Inc. The goal of this program is to help low-income households reduce energy use and costs using cost-effective Electric Reduction (ER) measures such as lighting, refrigerator and freezer replacements, and Home Performance (HP) strategies such as insulation and air sealing to reduce drafts keeping their homes warmer in the winter and cooler in the summer. Health and safety measures are also addressed as appropriate. On-site energy education provides households with further strategies for managing their energy costs on a daily basis. Eligibility for EmPower NY is based on income.
- **Affordable Energy Concepts** - An arm of the Agency providing energy assessments and efficiency improvements to individuals and families across all income ranges.
- **RESTORE** - Funds used to pay for the cost of emergency repairs to eliminate hazardous conditions in homes owned by the elderly when the homeowners cannot afford to make the repairs in a timely fashion.

Home Energy Assistance Program (HEAP) - The Agency is under contract with the Cayuga County Department of Social Services to process HEAP applications. HEAP provides critical financial assistance to help families and individuals in need to heat their homes during the winter.

Emergency Services Program - Emergency Services assists customers on a walk-in basis in the event of a crisis situation. Staff work with the customer to assess the situation, gather information and resolve the crisis. Customers can then be referred to a combination of programs within the Agency or partner agencies that can provide long-term assistance to those in need. All of the services provided in Emergency Services are offered in a strength-based manner, with the expectation that households will move toward self-sufficiency. The Emergency Services Program consists of the following programs:

- **Food Pantry** - Provides emergency food assistance to Agency customers to help alleviate hunger in the community. The Food Pantry is unique in the community as it is the only pantry where customers can be served regardless of where they live within the County and they are able to receive food twice monthly as opposed to monthly.
- **Emergency Baby Pantry** - Provides income eligible families in Seneca County with children aged 0-24 months with diapers, formula, wipes diaper cream, car seats, clothing and blankets monthly.
- **Personal Care Pantry** - Provides personal care items including diapers, baby wipes, feminine products, toothbrushes, toothpaste, shampoo, conditioner, deodorant, and hairbrushes to individuals and families in Cayuga County.
- **Cayuga Has Employment Support Solutions (CHESS)** - Program provides flexible one-time assistance to help TANF-eligible working families to obtain or retain employment. Funds may assist with housing utilities, employment supports, car repairs, and other needs.
- **Cayuga County Christmas Elf** - Collaborative, multi-partner program provides toys to income eligible children in need in Cayuga County, aged 18 years or younger, during the holiday season.
- **Homeless Intervention** - Funding from the U.S. Department of Housing and Urban Development (HUD) and from the City of Auburn is used to provide assistance to homeless or near homeless individuals and their families. An Agency advocate works with the customer to determine their housing needs and how they can be best addressed to provide permanent, safe and affordable housing options. Once the customer enters the appropriate program to address their housing needs, a case manager then works collaboratively with other community agencies and organizations to ensure that customers who have been provided with assistance can secure housing and maximize their potential to avoid a repeat bout of homelessness.

CAYUGA/SENECA COMMUNITY ACTION AGENCY, INC.
Notes to Financial Statements, Continued

- **Supportive Housing Program for Adults** - This program supports operation of a three-unit house for homeless single adults that provides safe, affordable housing for up to 24 months and case management focused on working toward individual goals including education and employment.
- **Car Seat Distribution** - Provides car seats to families in need and accepts both in-Agency and out-of-Agency referrals. A certified Car Seat Technician presents an hour long workshop that includes a video on child safety and car seat installation. A hands-on demonstration is provided by the technician and the customer must also demonstrate proficiency in installation prior to receiving the car seat.
- **Health Benefits Exchange** - Contract with NYS Department of Health to provide Navigator services to assist potential enrollees with accessing affordable care through the Marketplace.
- **Rapid Rehousing** - Assists families and individuals with transitioning out of homelessness and into safe, affordable housing. Provides case management and rental assistance, in some instances to homeless families and individuals. A referral is through Cayuga County.
- **Free Clothing** - Provides gently used clothing and small household items to people in need. To accommodate as many shoppers as possible, visits are limited to once per week for 30 minutes, and visitors are limited to three shopping bags per visit (unless special circumstances apply).
- **Warm the Children** - Collaborative, multi-partner program provides warm winter coats and accessories to income eligible children in need in Cayuga County aged 14 and younger.

Kinship Caregiver Program - provides trauma-informed case management, practical assistance and supportive services to kinship families in Cayuga County.

Healthy Families Cayuga/Seneca - Healthy Families Cayuga/Seneca is a free and voluntary program designed to provide support and information to new and expectant parents of all ages. It is comprised of several components, including providing the most up-to-date information on child health and development, promoting parent-child interaction, and supporting and assisting families to achieve and sustain self-sufficiency. If parents meet the criteria for enrollment, they are encouraged to begin the program prenatally. At that time, the program focuses on having a healthy pregnancy and birth. When the baby is born, the focus shifts to the importance of the child's health and development.

A Healthy Families *Family Support Worker* provides information and activities to promote parent-child interaction, bonding, child health and development targets. With assistance and support from the Family Support Worker, parents set short-term goals for themselves and developmental goals for their babies, and are encouraged to work toward achieving these goals. Healthy Families Cayuga/Seneca also sponsors quarterly group meetings to provide information, food and snacks, and supportive networking to our families.

Breastfeeding Support Group - Provides a supportive environment for breastfeeding mothers in Cayuga County to learn, network, and share challenges and successes with each other including those related to return to work.

Seneca Programs - Located at the Agency's Seneca Office in Waterloo New York, Seneca Programs administer a variety of programs that help customers identify needs and provide them support on their paths to self-sufficiency. While every program is an access point for the other Agency programs as well as programs at other organizations serving Seneca County, the majority of our customers start their journey when they walk through for emergency food. During the process of receiving food, they discover the variety of programs and services in which they can participate to meet critical family and individual needs. A simple step such as asking for food can lead to a comprehensive strategy for developing self-sufficiency for the family. Seneca Programs consist of the following programs:

- **Car Seat Distribution** - Program provides car seats to families in need and accepts both in-Agency and out-of-Agency referrals. A certified Car Seat Technician presents an hour long workshop that includes a video on child safety and care seat installation. A hands-on demonstration is provided by the technician and the customer must also demonstrate proficiency in installation prior to receiving the car seat.

CAYUGA/SENECA COMMUNITY ACTION AGENCY, INC.
Notes to Financial Statements, Continued

- **Emergency Services** - Works with families and individuals through crisis situations. Emergency Services provides food, advocacy, clothing, shelter, prescription assistance, emergency transportation assistance, and responds to a wide array of crisis situations.
- **Food Pantry** - Provides emergency food assistance to Agency customers to help alleviate hunger in the community. The Agency provides emergency food assistance on a monthly basis to individuals and families in Seneca County, and twice monthly to residents of Waterloo.
- **Emergency Baby Pantry** - Provides formula, diapers, wipes, cream and other baby needs to income eligible families in Seneca County.
- **Free Clothing** - Provides free clothing and small household items to those in need.
- **South County Transportation Corps** - Provides rides for residents of Covert, Lodi, Ovid and Romulus to medical and dental appointments and other health-related destinations.
- **Health Benefits Exchange** - Contract with NYS Department of Health to provide Navigator services to assist potential enrollees with accessing affordable care through the Marketplace.

Family and Victim Services

- **Domestic Violence Services Program** - Domestic Violence Services Program is a vital resource, providing confidential assistance including emergency safety services such as shelter and a 24-hour crisis hotline. Program advocates have accurate information about domestic violence and are experienced in providing assistance. They understand the criminal justice, court and social services systems, and are familiar with other community resources that might be useful to victims. In addition, an advocate can accompany a victim to court, the police station, or to social services and provide you with practical and emotional support. The Agency's advocates also provide the following additional support; Help Find a Safe Place to Stay, Inform You of Your Legal Rights, Provide Individual Support, Support Groups, Financial Advocacy, Medical Advocacy, Law Enforcement Advocacy, Family Court Advocacy, Transportation Assistance, Provide Referrals to Necessary Community Resources.
- **Transitional Housing Program** - Provides rental subsidies and case management to survivors of domestic violence and their children.
- **Victim Compensation Claims Assistance** - This program is funded through the NYS Office of Victim Services and provides assistance to victims of crime with applying for financial assistance to assist with items such as medical bills, lost wages, and counseling expenses related to the crime.
- **Risk Reduction Enhanced Response** - Supports the work of a Domestic Violence High Risk Team in Cayuga County to screen, assess and develop collaborative intentions for high risk cases of domestic violence where repeat or escalation of violence is likely. Interventions may include home visitations through the Domestic Violence Follow-Up Program by Auburn Police Department and Cayuga County Sheriff's Office.

Ticket to Work Program - Social Security's Ticket to Work program supports career development for people with disabilities who want to work. Social Security disability beneficiaries age 18 through 64 qualify. The Ticket to Work program is free and voluntary and exists specifically to help people with disabilities progress toward financial self-sufficiency. The program is a good fit for people who would like to improve their earning potential and who are committed to preparing for long-term success in the workforce. The Ticket to Work program and Work Incentives allow individuals with disabilities to keep their benefits while they explore employment, receive vocational support and gain work experience.

Volunteer Generations Program - A Food Security initiative funded through New York State Office of Children and Family Services and focused on building volunteer capacity within the Agency and 10 partner organizations to undertake hunger relief efforts in Cayuga, Seneca and northern Tompkins Counties. Partner organizations include:

- Cayuga County Office for the Aging: Meals on Wheels
- Cornell Cooperative Extension of Cayuga County: Nutrition Education
- Harmony Food Pantry (Waterloo, NY)
- King Ferry Food Pantry
- Ovid Ecumenical Food Pantry

CAYUGA/SENECA COMMUNITY ACTION AGENCY, INC.
Notes to Financial Statements, Continued

- Seneca Falls Backpack Program
- St. Alphonsus Food Pantry
- Saints Peter & John Soup Kitchen
- Hope/Moravia Food Pantry
- First Love Ministry Food Pantry
- Mobile Food Pantry - Program delivers food to isolated and homebound residents of Cayuga and Seneca Counties twice monthly.

Volunteer Medicaid Transportation Program - This program utilizes volunteer drivers to provide Medicaid recipients in Cayuga and Seneca Counties with “non-emergency” transportation to medical appointments. This program is funded through NYS Department of Health.

Dress for Success - Dress for Success provides gently used professional and work attire to people in need for the purpose of obtaining and sustaining gainful employment. Referral is required to Dress for Success from a caseworker or other service provider. Dress for Success is staffed entirely by volunteers from the community.

Brendan McGrath Memorial Scholarship - The Brendan McGrath Memorial Scholarship was established in 2014 in honor of former Board Chairman Brendan McGrath, who volunteered for the Agency for 21 years. The Memorial Scholarship is supported through the Brendan McGrath Memorial Fund to further the Agency’s mission of helping people to achieve and sustain self-sufficiency.

ACCESS VR - This program is funded through the NYS Department of Education and provides employment services to individuals with disabilities through direct referrals from ACCESS-VR. Employment services for both youth and adults with disabilities are available. Services include job readiness, advocacy, SSDI/SSI benefits advisement, and community based work experience.

Employment Pathways Program - This program provides case management, skills training, and flexible subsidies for schooling, transportation, day care, and other needs to help program participants overcome individual barriers to employment. Employment Pathways connects unemployed and underemployed people to local job opportunities within growing local industries.

Improving Criminal Justice Responses (ICJR) - This program supports the work of a Domestic Violence High Risk Team to screen, assess and develop collaborative interventions for high risk cases of domestic violence to reduce the likelihood of repeat violence, as well as escalation of violence. The Victim Assistant/Court Advocate will help victims navigate the legal system and enhance safety and reduce isolation among victims of high risk cases.

Seneca County Christmas Project - This collaborative, Multi-partner program provides food and gifts to income eligible children and families in need in Seneca County during the holiday season.

Basis of Presentation - The accompanying financial statements of the Agency are prepared in accordance with the accrual basis of accounting and are presented in conformity with accounting principles generally accepted in the United States of America for not-for-profit organizations. The Agency is required to report information regarding its net assets and changes therein in the following categories:

Net Assets Without Donor Restrictions - Net assets without donor restrictions include net assets and activities that are part of the Agency’s general activities. Net assets without donor restrictions include resources that the Board of Directors may choose to use for designated purposes. The Agency reports as without donor restrictions, all restricted donations where the restriction has been met in the current year.

Net Assets With Donor Restrictions - Net assets with donor restrictions include resources which contain donor or grantor restrictions about how or when they can be used that can expire by passage of time or fulfilled by the actions of the Agency. Net assets with donor restrictions consisted of the following at July 31, 2019 and 2018:

CAYUGA/SENECA COMMUNITY ACTION AGENCY, INC.
Notes to Financial Statements, Continued

	<u>2019</u>	<u>2018</u>
Food Pantry programs	\$ 21,023	27,495
Christmas programs	89,030	71,859
Back Pack Program	2,021	2,635
DVIP Donations	25,690	17,270
DV - Financial Literacy Program	31,882	29,200
Healthy Family Donations	24,964	19,335
Purple Tie	14,607	14,630
Annual Appeal	19,082	18,933
Wheels to Work	26,561	26,561
Other	12,554	36,501
Total	\$ 267,414	264,419

Estimates - The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash - For purposes of the statement of cash flows, the Agency considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Agency maintains cash and cash equivalents at financial institutions which periodically may exceed federally insured limits.

Receivables - Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance for doubtful accounts based on its assessment of current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance for doubtful accounts and a credit to accounts receivable. Changes in the valuation allowance for doubtful accounts have not been material to the financial statements.

Capitalization and Depreciation - Property and equipment are recorded at cost or fair market value at the date of the gift in the case of donated equipment. Amounts greater than \$5,000 are recorded as assets. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of equipment are recorded as unrestricted support. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method, ranging from three to fifteen years for equipment, five years for vehicles and five to thirty-nine years for buildings and improvements. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

Long-Lived Assets - The Agency reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. In determining whether there is an impairment of long-lived assets, the Agency compares the sum of the expected future net cash flows (undiscounted and without interest charges) to the carrying amount of the assets. At July 31, 2019 and 2018, no impairment in value has been recognized.

Deferred Revenue and Revenue Recognition - A substantial portion of the Agency's revenue is derived from grants funded by Federal and State governmental grants. Grant revenue is recognized as allowable program expenses are incurred. Grant awards accounted for as exchange transactions are recorded as revenue when expenditures have been incurred in compliance with the grant restrictions. Amounts unspent are recorded in the statement of financial position as deferred revenue.

CAYUGA/SENECA COMMUNITY ACTION AGENCY, INC.
Notes to Financial Statements, Continued

Donated Materials, Space, and Other Program Costs - The Agency receives unrestricted donations from outside parties. The donations include, but are not limited to, equipment, services, and food. All donations are unrestricted but used to support and further the Agency's objectives. The donations are reflected in the accompanying statements at their estimated fair market value at the date of receipt. In addition, a large number of people have contributed significant amounts of time to the activities of the Agency without compensation. Contributed services are recognized as in-kind revenue and expense by the Agency when the provisions for recognition are met.

Promises to Give - Contributions are recognized when the donor makes an unconditional promise to give to the Agency. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Non-Operating Activities - The Agency includes in non-operating activities, grants and other revenues restricted for the construction of long-term assets.

Expense Allocation - The costs of providing various programs and other activities 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. Costs are allocated based on direct allocation where related items are allocated to program services and office related items are allocated to management and general.

Subsequent Events - Management has evaluated subsequent events through the date of the report, which is the date the financial statements were available to be issued.

Income Taxes - The Agency is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Agency's tax-exempt purpose could be subject to taxation as unrelated business income.

In accordance with ASC 740-15-50, the Agency recognizes the tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities. Management believes that the Agency is currently operating in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no liability for unrecorded tax benefits has been included on the Agency's financial statements.

Recent Accounting Standards Issued - In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, "Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities." ASU 2016-14 contains several provisions that change the presentation of and disclosures within the financial statements of a not-for-profit entity. These changes include an updated net asset classification scheme from three classes to two classes, quantitative and qualitative disclosures regarding liquidity, a requirement to report expenses by function, nature, and an analysis showing the relationship between function and nature and the removal of the requirement for a reconciliation for statements of cash flows done on the direct basis. This guidance is effective for fiscal years beginning after December 15, 2017. These financial statements and notes reflect adoption of this new standard.

Reclassifications - Reclassifications have been made to certain 2018 balances in order to conform them to the 2019 presentation.

Note 2. Liquidity

The Agency has \$1,022,634 of financial assets available within one year of the statement of financial position date consisting of \$110,086 of cash and \$912,548 of gross accounts receivable. Some of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the 2019 statement of financial position. Additionally, the Agency has available a committed line of credit which could be drawn on to fund current operations.

CAYUGA/SENECA COMMUNITY ACTION AGENCY, INC.
Notes to Financial Statements, Continued

Note 3. Concentration of Credit Risk

The Agency provides social services primarily in Cayuga and Seneca Counties of the State of New York. A substantial portion of the Agency's receivables are due from Federal and New York State governmental agencies.

Note 4. Lines of Credit

The Agency has a \$285,021 line of credit with Savannah Bank. Interest on the line is at the prime rate. The outstanding balance on this line at July 31, 2019 and 2018 amounted to \$285,021 and \$315,975, respectively. The line of credit is collateralized by equipment and accounts receivable of the Agency, excluding Head Start assets.

The Agency established another line of credit for \$400,000 with a bank during the year ended July 31, 2017. Interest on the line is at prime rate plus 1% with a floor rate of 4.5%. The outstanding balance on this line at July 31, 2019 and 2018 amounted to \$353,149 and \$327,149, respectively. The line of credit is collateralized by equipment and accounts receivable of the Agency.

The prime interest rate was 5.50% and 5.00% at July 31, 2019 and 2018, respectively.

Note 5. Long-Term Debt

Long-term debt at July 31, 2019 and 2018 is summarized as follows:

	<u>2019</u>	<u>2018</u>
City of Auburn, mortgage payable in monthly installments of \$123 through March 2022. The note is noninterest bearing and is collateralized by the underlying real estate.	\$ 3,933	5,408
City of Auburn, mortgage payable in monthly installments of \$464 through September 2028. The loan is noninterest bearing and is collateralized by the underlying real estate.	49,643	56,603
Bank note payable in 60 equal principal installments plus interest through June 2023. The note bears interest equal to the Federal Home Loan Bank of New York Amortizing Advance rate plus 3.50% (6.75% at July 31, 2019) through June 2022 at which the interest rate shall be adjusted.	52,907	65,004
Bank mortgage payable in monthly installments of \$349 through July 2035. The loan bears interest at 4.99% and is collateralized by the underlying real estate.	46,157	47,998
Bank mortgage payable in annual installments of \$8,000, plus interest at 5.50% through March 2039. On an annual basis the principal due and interest are forgiven by the bank as long as the Agency meets the conditions outlined in the loan agreement. For the years ended July 31, 2019 and 2018, this amounted to principal of \$8,000 each year and interest of \$6,054 and \$5,805, respectively. The mortgage is collateralized by the underlying real estate.	100,003	115,342
Bank note payable in monthly installments of \$349 through October 2019. The loan bears interest at 4.00% and is collateralized by a vehicle.	1,540	7,684
Total long-term debt	254,183	298,039
Less current portion	(31,237)	(35,078)
Notes payable, excluding current portion	\$ 222,946	262,961

CAYUGA/SENECA COMMUNITY ACTION AGENCY, INC.
Notes to Financial Statements, Continued

The aggregate annual maturities of long-term debt for the five years following July 31, 2019 and thereafter are as follows:

2020	\$	31,237
2021		30,514
2022		42,665
2023		15,812
2024		15,927
Thereafter		118,028
Total	\$	254,183

Note 6. Commitments

The Agency has non-cancelable operating leases for vehicles which expire through February 2021, requiring aggregate monthly payments amounting to \$750.

The Agency leases its office space under a ten year lease agreement through December 2025, with two five year extensions. Monthly rent was \$16,087 through December 2018, then \$17,911 through December 2021, then \$18,580 through December 2025. Monthly rent is \$14,753 under the first five year extension, and \$15,490 under the second five year extension.

Future minimum lease payments under these operating leases as of July 31, 2019 are as follows:

2020	\$	223,553
2021		217,536
2022		219,611
2023		222,957
2024		222,957
Thereafter		315,855
Total	\$	1,422,469

The Agency also leases several sites under annual cancelable lease agreements which provide for renewal based upon mutual agreement.

Note 7. Retirement Plan

The Agency contributes to a defined contribution 401(k) pension plan. Full-time employees aged twenty-one and older are eligible after one year of service. The Agency contributes 50% of the employee's contribution up to a maximum of 6% of gross annual salary. Retirement expense for the years ended July 31, 2019 and 2018 amounted to \$62,156 and \$54,477, respectively.

Note 8. Contingencies

Contingencies at July 31, 2019 consist of the following:

Grants - Under the terms of various grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such questioned costs could lead to reimbursement to the grantor agencies. Management believes that it would be able to provide support acceptable to the grantor and that any disallowances would not be material.

Restrictions on Property Title - The Agency's property in which the Head Start Program is operated in is subject to Federal restrictions and conditions. According to the terms of the grant, the property may not be used for any purpose inconsistent with that authorized by the Head Start Act and applicable regulations. In addition, the property may not be encumbered, used as collateral, sold or otherwise transferred to another party without the written permission of the U.S. Department of Health of Human Services.

CAYUGA/SENECA COMMUNITY ACTION AGENCY, INC.
Schedule of Expenditures of Federal Awards
Year Ended July 31, 2019

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. Department of Justice:				
Passed through New York State Office of Victim Services - Crime Victim Assistance	16.575	C100444	\$ 25,360	-
Passed through the City of Auburn - Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	N/A	36,162	-
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking or Sexual Assault	16.736	N/A	81,987	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	<u>21,009</u>	-
Total U.S. Department of Justice			<u>164,518</u>	-
U.S. Department of Health and Human Services:				
Passed through New York State Department of Health:				
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525	C028929	194,558	-
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525	C028929	32,399	-
Passed through New York State Office of Children and Family Services:				
Temporary Assistance for Needy Families	93.558	C028011	57,458	-
Temporary Assistance for Needy Families	93.558	C028011	24,684	-
Temporary Assistance for Needy Families	93.558	C028011	34,254	-
Temporary Assistance for Needy Families	93.558	C028011	393,056	-
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	C027480	25,560	-
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	C027480	48,395	-
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	C027480	1,132	-
Passed through New York State Division of Housing and Community Renewal:				
Low-Income Home Energy Assistance	93.568	C092016-19	75,972	-
Low-Income Home Energy Assistance	93.568	C092016-18	135,522	-
Passed through New York State Department of State:				
Community Services Block Grant	93.569	C1000749	169,534	-
Community Services Block Grant	93.569	C1000749	317,030	-
Head Start/Early Head Start	93.600	N/A	1,031,660	-
Head Start/Early Head Start	93.600	N/A	<u>2,788,385</u>	-
Total U.S. Department of Health and Human Services			<u>5,329,599</u>	-
U.S. Department of Housing and Urban Development:				
Passed through the City of Auburn - Community Development Block Grants/Entitlement Grants	14.218	1000570	7,000	-
Supportive Housing Program	14.235	N/A	<u>138,778</u>	-
Total U.S. Department of Housing and Urban Development			<u>145,778</u>	-
Corporation for National and Community Service - passed through New York State Office of Children and Family Services:				
Volunteer Generation Fund	94.006	C027549	42,114	-
Volunteer Generation Fund	94.006	C027549	<u>24,433</u>	-
Total Corporation for National and Community Service			<u>66,547</u>	-
U.S. Department of Transportation:				
National Priority Safety Programs	20.616	CPS-2019	4,934	-
National Priority Safety Programs	20.616	CPS-2018	<u>803</u>	-
Total U.S. Department of Transportation			<u>5,737</u>	-
U.S. Department of Homeland Security - Emergency				
Food and Shelter National Board Program	97.024	N/A	8,328	-
U.S. Department of Social Security Administration - Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries				
	96.009	N/A	45,996	-
U.S. Department of Energy - passed through New York State Division of Housing and Community Renewal - Weatherization Assistance for Low-Income Persons				
	81.042	C092016-18	81,044	-
U.S. Department of Agriculture - passed through New York State Department of Health - Child and Adult Care Food Program				
	10.558	CACFPC1072	<u>185,092</u>	-
Total Expenditures of Federal Awards			<u>\$ 6,032,639</u>	-

See accompanying note to schedule of expenditures of federal awards.

CAYUGA/SENECA COMMUNITY ACTION AGENCY, INC.
Note to Schedule of Expenditures of Federal Awards
July 31, 2019

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the Agency, which are described in note 1 to the Agency's financial statements, using the accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information 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), Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The Agency has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance. Matching costs (the Agency's share of certain program costs) are not included in the reported expenditures.

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the Agency's financial reporting system.

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

The Board of Directors
Cayuga/Seneca Community Action Agency, Inc.

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 Cayuga/Seneca Community Action Agency, Inc. (the Agency), which comprise the statement of financial position as of July 31, 2019, 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 February 4, 2020.

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) 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 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 Agency'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 a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-01 that we consider to be a significant deficiency.

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 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2019-01.

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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
February 4, 2020

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

The Board of Directors
Cayuga/Seneca Community Action Agency, Inc.

Report on Compliance for Each Major Federal Program

We have audited Cayuga/Seneca Community Action Agency, 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 each of the Agency's major federal programs for the year ended July 31, 2019. The Agency'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 the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to each of its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency'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 the 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 of the major federal programs. However, our audit does not provide a legal determination of the Agency's compliance.

Opinion on Each of the Major Federal Programs

In our opinion, Cayuga/Seneca Community Action Agency, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended July 31, 2019.

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-01. Our opinion on each major federal program is not modified with respect to this matter.

The Agency's response to the noncompliance finding identified in our audit is described in the accompanying Corrective Action Plan on pages 25 and 26. The Agency's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 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 be not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or 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.

EFPR Group, CPAs, PLLC

Williamsville, New York
February 4, 2020

CAYUGA/SENECA COMMUNITY ACTION AGENCY, INC.
Schedule of Findings and Questioned Costs
Year Ended July 31, 2019

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

- Type of auditors' report issued on whether the basic financial statements audited were prepared in accordance with GAAP: Unmodified
- Internal control over financial reporting:
1. Material weakness(es) identified? _____ Yes x No
 2. Significant deficiency(ies) identified not considered to be material weakness(es)? _____ Yes x None reported
 3. Noncompliance material to financial statements noted? _____ Yes x No

Federal Awards:

- Internal control over major program:
4. Material weakness(es) identified? _____ Yes x No
 5. Significant deficiency(ies) identified not considered to be material weakness(es)? x Yes _____ No

Type of auditors' report issued on compliance for major programs: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) (Uniform Guidance)? x Yes _____ No
7. The Agency's major programs audited were:

<u>CFDA Number</u>	<u>Names of Federal Programs</u>
93.600	Head Start/Early Head Start
93.569	Community Service Block Grant

8. Dollar threshold used to distinguish between type A and type B programs. \$750,000
9. Auditee qualified as low-risk auditee? x Yes _____ No

Part II - FINANCIAL STATEMENT FINDINGS SECTION

No reportable findings.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

See finding 2019-01.

CAYUGA/SENECA COMMUNITY ACTION AGENCY, INC.
Schedule of Findings and Questioned Costs
Year Ended July 31, 2019

(2019-01) Eligibility Documentation

Criteria - An eligible entity should retain documentation sufficient to demonstrate that, where an individualized determination of income was required, staff screened applicants for income eligibility.

Condition - The Agency was unable to provide eligibility documentation for three out of the twenty-five individuals selected for testing.

Cause - The Agency was unable to provide an accurate listing of individuals served.

Effect of Condition - The Agency was not in compliance with Community Service Block Grant program requirements.

Recommendation - The Agency should take steps to ensure that eligibility documentation is retained for all individuals served.

Management's Response - The Agency Corrective Action Plan is presented on page 25 and 26.

CAYUGA/SENECA COMMUNITY ACTION AGENCY, INC.
Status of Prior Year Audit Findings
Year Ended July 31, 2019

PRIOR YEAR FINDINGS – FINANCIAL STATEMENT AUDIT

No reportable findings.

PRIOR YEAR FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AUDIT PROGRAMS AUDIT

(2018-01) Physical Inventory

Criteria - The Head Start program requires that a physical inventory count has been taken during the last two years.

Condition - The Corporation did not perform a physical inventory count during the past two years.

Effect of Condition - The Corporation was not in compliance with the Head Start program requirements.

Recommendation - We recommend that the Corporation ensure that a physical inventory occur at least once every two years.

Management's Response - Management is aware of the Head Start programs physical inventory count requirements and has developed and implemented a system of internal controls to correct this issue moving forward.

Status - This finding is considered resolved.

CORRECTIVE ACTION PLAN
February 5, 2020

U.S. Department of Health and Human Services

Cayuga/Seneca Community Action Agency, Inc. (the Agency) respectfully submits the following corrective action plan for the year ended July 31, 2019.

Name and address of independent public accounting firm:
EFPR Group, LLP
6390 Main Street, Suite 200
Williamsville, NY 14221

Audit period: July 31, 2019

The findings for the July 31, 2019 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Federal Award Findings and Questioned Costs

Significant Deficiency Over Compliance

2019-01 Eligibility Documentation

Recommendation

The Agency should take steps to ensure that eligibility documentation is retained for all individuals served.

Action Taken

We concur with the recommendation, and the following plan was and implemented in 2020.

We would like to enact the following for a plan of correction.

1. The Central Intake Form will be printed on colored paper. When revisions are made, the color of the form will change. All affected staff will be notified of changes. If an employee is using an outdated form, disciplinary action will occur, including possible termination.
2. There will be one central area at each Site for forms. Administrative staff are the only staff authorized to edit forms.
3. Documentation of income verification will be maintained for all individuals receiving CSBG funded services.
4. CSBG client files will be marked on the outside for easy monitoring.
5. CSBG files will be audited on a monthly basis effective immediately.

6. The Agency has begun utilizing a universal data reporting system (COPA) and this will be fully operational by the end of fiscal year ending July 31, 2020.

If the U.S. Department of Health and Human Services has questions about these plans, please contact Laurie Piccolo, Executive Director, Cayuga/Seneca Community Action Agency, Inc., at 315-255-1703.

Laurie A. Piccolo

A handwritten signature in black ink that reads "L.A. Piccolo". The signature is written in a cursive, flowing style.

Executive Director

Cayuga/Seneca Community Action Agency, Inc.