

**Organized Community
Action Program, Inc.**

FINANCIAL STATEMENTS

For the Year Ended September 30, 2019



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Organized Community Action Program, Inc.
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September 30, 2019

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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, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States 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 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, 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*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 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.

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

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

Enterprise, Alabama

September 10, 2020

Organized Community Action Program, Inc.
Statement of Financial Position

September 30,

2019

Assets

Current assets	
Cash and cash equivalents	\$ 697,691
Investments	175,000
Accounts receivable - grants	764,290
Accounts receivable - others	237,333
Accrued support	10,394
Prepaid items	3,805
Total current assets	1,888,513
Noncurrent assets	
Accounts receivable - related party partnerships, net of \$296,000 allowance	390,729
Property and equipment, net	2,464,700
Total noncurrent assets	2,855,429
Total assets	\$ 4,743,942

Liabilities and Net Assets

Current liabilities	
Accounts payable	\$ 544,101
Accrued expenses	276,919
Deferred support	184,953
Due to grantor	97,151
Total liabilities	1,103,124
Net assets without donor restrictions	3,640,818
Total liabilities and net assets	\$ 4,743,942

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

Organized Community Action Program, Inc.
Statement of Activities

Year ended September 30,

2019

Net Assets Without Donor Restrictions

Support

Grant revenue	\$	11,408,514
Donations		93,443
In-kind		894,529
Interest earned		5,419
Lease income		6,762
Sale of assets		2,340
Development fees		88,610
Insurance proceeds		794,566
Miscellaneous income		5,619

Increase in net assets without donor restrictions		13,299,802
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Expenses

Program services		
Community Services Block Grant		492,556
LIHEAP		2,903,928
Weatherization		408,787
Head Start		6,071,689
U.S.D.A.		564,643
Alabama Business Charitable Trust		61,595
Emergency Food and Shelter		76,651
General Fund		14,896
Local Funds		40,563
HUD		24,180
Fatherhood		93,885
DCA Pre-K		353,780
Support services		
Administration		1,132,133

Decrease in net assets without donor restrictions		12,239,286
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Net Increase in Net Assets Without Donor Restrictions		1,060,516
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Net Assets Without Donor Restrictions - beginning		2,580,302
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Net Assets Without Donor Restrictions - ending	\$	3,640,818
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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, 2019

	Community Services Block Grant	LIHEAP	Weatherization	Head Start	U.S.D.A	Alabama Business Charitable Trust	Emergency Food and Shelter
Salary and Fringe benefits	\$ 362,176	\$ 175,612	\$ 96,991	\$ 4,220,754	\$ -	\$ -	\$ -
Travel	3,797	25	1,517	16,307	-	3,687	-
Contractual services	24,644	10,005	93,952	131,639	-	-	-
Contractual repairs	-	-	-	-	-	-	-
Contractual food	-	-	-	41,748	-	-	-
Supplies	7,070	1,973	122,115	96,572	564,643	98	-
Board Expense	810	-	-	10,461	-	-	-
Utilities and telephone	15,972	-	-	141,793	-	-	-
Lease and rent costs	5,460	-	-	86,416	-	-	-
Printing	128	-	(26)	15,540	-	-	-
Insurance	8,157	-	2,613	43,913	-	-	-
Training	5,548	-	5,741	83,067	-	-	-
Parent involvement	-	-	-	18,373	-	-	-
Client assistance	40,151	2,716,244	84,510	86,567	-	57,810	76,651
Repairs and maintenance	5,548	-	909	82,105	-	-	-
Equipment and renovations	-	-	-	-	-	-	-
Dues and subscriptions	12,433	-	-	2,600	-	-	-
Tax and license	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Donated services	-	-	-	26,388	-	-	-
Donated facilities, supplies and other	-	-	-	856,539	-	-	-
Total expenses before depreciation	491,894	2,903,859	408,322	5,960,782	564,643	61,595	76,651
Depreciation	662	69	465	110,907	-	-	-
Total expenses	\$ 492,556	\$ 2,903,928	\$ 408,787	\$ 6,071,689	\$ 564,643	\$ 61,595	\$ 76,651

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**Organized Community Action Program, Inc.
Statement of Functional Expenses (Continued)
For the Year Ended September 30, 2019**

	General Fund	Local Funds	HUD	Fatherhood	DCA Pre-K	General and Administration	Total 2019
Salary and Fringe benefits	\$ -	\$ 622	\$ -	\$ 67,327	\$ 312,339	\$ 890,227	\$ 6,126,048
Travel	2,826	4,744	-	4,785	288	15,584	53,560
Contractual services	-	10,226	-	6,177	6,810	40,919	324,372
Contractual repairs	-	800	-	-	-	-	800
Contractual food	-	-	-	-	-	-	41,748
Supplies	51	59	-	860	5,020	17,641	816,102
Board Expense	7,848	920	-	-	-	6,273	26,312
Utilities and telephone	-	1,604	-	573	-	23,351	183,293
Lease and rent costs	-	-	-	210	-	30,399	122,485
Printing	-	304	-	-	-	6,403	22,349
Insurance	-	814	-	-	-	16,335	71,832
Training	1,120	120	24,180	-	16,651	9,064	145,491
Parent involvement	-	-	-	-	-	-	18,373
Client assistance	3,051	570	-	2,351	1,368	15,732	3,085,005
Repairs and maintenance	-	-	-	-	7,485	2,648	98,695
Equipment and renovations	-	-	-	-	3,819	32,925	36,744
Dues and subscriptions	-	-	-	-	-	447	15,480
Tax and license	-	12,474	-	-	-	-	12,474
Miscellaneous	-	390	-	-	-	-	390
Donated services	-	-	-	350	-	-	26,738
Donated facilities, supplies and other	-	-	-	11,252	-	-	867,791
Total expenses before depreciation	14,896	33,647	24,180	93,885	353,780	1,107,948	12,096,082
Depreciation	-	6,916	-	-	-	24,185	143,204
Total expenses	\$ 14,896	\$ 40,563	\$ 24,180	\$ 93,885	\$ 353,780	\$ 1,132,133	\$ 12,239,286

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,

2019

Operating Activities

Increase in net assets	\$	1,060,516
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation		143,204
Gain on sale of assets		(2,340)
(Increase) decrease in operating assets:		
Accounts receivable - grants		(134,801)
Accounts receivable - others		(203,918)
Accrued support		35,992
Prepaid items		20,421
Increase in operating liabilities:		
Accounts payable		195,138
Due to grantor		77,113
Accrued expenses		56,921
Deferred support		28,585

Net cash provided by operating activities		1,276,831
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Investing Activities

Purchase of property and equipment		(972,080)
Proceeds from sale of assets		2,340

Net cash used in investing activities		(969,740)
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Net increase in cash and cash equivalents		307,091
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Cash and Cash Equivalents - beginning		390,600
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Cash and Cash Equivalents - ending	\$	697,691
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The accompanying notes are an integral part of these financial statements.

Organized Community Action Program, Inc. Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 as its sources of funds.

Basis of Accounting

The FASB Accounting Standards Codification (“FASB ASC”) establishes the source of authoritative standards generally accepted in the United States of America (GAAP) recognized by the Financial Accounting Standards Board (FASB) to be applied by nongovernmental entities. The FASB amends the FASB ASC through Accounting Standards Updates (ASUs). We refer to ASCs and ASUs throughout these financial statements.

The financial statements of the Agency have been prepared on the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of the Agency’s funds are included on the statement of financial position. The statement of activities presents increases (e.g., revenues and support) and decreases (e.g., expenses) in net total assets. Generally, grant revenues are earned as qualified expenses are made and performance occurs.

New Accounting Pronouncement

In 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The Agency adopted the provisions of this new standard during the year ended September 30, 2019. The Agency has adjusted the presentation of its financial statements accordingly. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and availability of resources and related to functional allocation of expenses.

Recently Issued Accounting Standards

The Financial Accounting Standards Board (FASB) issued two ASUs that will affect the Agency’s revenue recognition. The first, ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets (unless those contracts are within the scope of other standards). The core principle of this Update is 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 the good or services. This Update requires entities to make new judgements and estimates and provide expanded disclosures about revenue. The second, ASU No. 2018-08, *Not- For-Profit Entities* (Topic 958) *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, establishes standards for characterizing grants and similar contracts with resource providers as either exchange transactions

Organized Community Action Program, Inc. Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

or conditional contributions. The Agency plans to adopt both at the same time, because adopting one Update without the other would leave the accounting for some ongoing grants and contracts unresolved. The Updates are effective for the Agency's coming fiscal year. The Agency is currently evaluating the impact of the adoption of the new standards on 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 Organization 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 statements; however the Agency did not have any interest or penalties related to taxes in fiscal year 2019.

The Agency follows the accounting guidance for uncertainty in income taxes using the provisions of 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 position will be sustained upon examination by the tax authorities. Such tax positions initially and subsequently need to be measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and relevant facts. The Agency believes that it has appropriate support for the income tax positions taken and to be taken on its tax returns and that its accruals for tax liabilities, if any, are adequate for all open tax years (after 2015 for federal and state) based on an assessment of many factors including experience and interpretations of tax laws applied to the facts of each matter. The Agency has concluded that there are no significant uncertain tax positions requiring disclosure, and there are no material amounts of unrecognized tax benefits.

Cash and Cash Equivalents

The Agency considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

The Agency's investments consist of certificates of deposit with original maturities of more than three months from the date of acquisition. Investments are reported at fair market value.

Organized Community Action Program, Inc. Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants Receivable/Accrued Support

Grants receivable and accrued support consist of state and federal grants and are considered to be fully collectible; accordingly, no allowance for doubtful accounts has been established. If amounts become uncollectible, they will be charged to operations when the determination is made. Grants receivable represents pending reimbursement of program expenses incurred and billed prior to September 30, 2019. Accrued support represents pending reimbursement of program expenses incurred prior to yearend that were billed subsequent to September 30, 2019.

Partnership Receivable

Partnership receivable consists of advancement of funds to two partnerships, The Heatherton, Ltd. and Woodmere, Ltd. with no defined repayment terms. See Note 7 for receivable balance per partnership and allowance for doubtful accounts established.

Property and Equipment

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. The historical cost and book value of assets that the grantors hold title or reversionary interest was \$2,524,470 and \$1,285,435 at September 30, 2019. The only restrictions on these assets are that they should be used to benefit the program which purchased the asset.

Property and equipment purchased with non-federal operating funds are recorded at cost and depreciated on the straight-line basis over the estimated useful lives of the assets, typically three to twenty years. Donated property and equipment are recorded at fair value at the date of donation. Ordinary repairs and maintenance are expensed as incurred.

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.

Organized Community Action Program, Inc. Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

In accordance with FASB ASC 958-605, *Revenue Recognition*, as amended by ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities* contributions received are recorded as net asset with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. There were no net assets with donor restrictions at September 30, 2019.

Donated Services, Materials and Facilities

In accordance with FASB ASC 958-605, *Revenue Recognition*, the Agency recognizes donated services as contributions in the financial statements if such 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.

Management Estimates and Assumptions

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

Budgets/Budgetary Accounting

The Agency's annual budget is a management tool that assists its users in analyzing financial activity for the fiscal year.

The Agency's funding sources are grants and contracts, which have periods that may or may not coincide with the Agency's fiscal year. These grants normally are for a twelve-month period; however, they can be awarded for periods shorter or longer than twelve months.

The Agency's Board of Directors formally approves the annual budget, but greater emphasis is placed on complying with the grant and contract budget terms and conditions. These terms and conditions usually specify the period during which costs may be incurred and outline budget restrictions and allowances.

Grants

All grants received are renewable on an annual basis and the Agency is dependent on these grants for continued activity.

Organized Community Action Program, Inc. Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs for fiscal year 2019 were not considered material to the financial statements.

Net Assets

In accordance with ASU 2016-14, the Agency's net assets are classified as follows:

Net assets without donor restrictions – represent net assets whose use is not restricted by donors, even though their use may be limited in other respects (such as by contract or board designation). Changes in net asset arising from exchange transactions are included, as well as resources derived from gifts. These resources are used at the discretion of the board of directors to meet current expenses for any purpose.

Net assets with donor restrictions – represent net assets that are subject to donor-imposed stipulations. When a restriction expires, either by actions of the organization or the passage of time, net asset with donor restrictions are reclassified to net asset without restrictions and reported in the statement of activities as net assets released from restrictions. As of September 30, 2019, there were no net assets with donor restrictions.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Agency's policy is to first apply the expense towards restricted resources.

Functional Expenses

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 indirect program costs such as indirect salaries, fringe, travel, supplies, depreciation, and other general and administrative expenses 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 excluding 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.

Subsequent Events

The Agency has evaluated subsequent events through September 10, 2020, the date of issuance of these financial statements, and has determined that one event occurred subsequent to year end that warranted recognition or disclosure. See Note 19 for further explanation of the event.

Organized Community Action Program, Inc.
Notes to Financial Statements

Note 2: CONCENTRATION 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. The Agency may, from time to time, maintain amounts in excess of the Federal Deposit Insurance Corporation (“FDIC”) maximum coverage of \$250,000. The Agency manages these risks by maintaining all deposits in high quality financial institutions.

Note 3: INVESTMENTS

Custodial Risk – The custodial risk for investments is the risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Agency has limited its custodial risk by investing in certificates of deposit that are fully insured by FDIC.

Credit Risk – Although the Agency has no formal investment policy addressing credit risk, it has limited its exposure as noted above. Concentration of credit risk is the risk of loss attributable to the quantity of the Agency’s investments in a single issuer. The Agency has limited its credit risk by investing in investment quality certificates of deposit.

Note 4: ACCOUNTS RECEIVABLE – GRANTS

Accounts receivable – grants consists of the following:

<u>September 30,</u>	<u>Grant ID</u>	<u>2019</u>
Child and Adult Care Food Program	9/30/2019	\$ 77,021
Head Start	04CH9947-05-00	652,754
Weatherization Assistance	DOE-010-19	429
Housing Counseling Assistance Program	HC18-0421-001	24,837
Low Income Home Energy Assistance	LIHEAP-010-19	9,249
		<u>\$ 764,290</u>

Note 5: ACCOUNTS RECEIVABLE – OTHERS

Accounts receivable – others consists of the following:

<u>September 30,</u>	<u>2019</u>
Insurance proceeds	\$ 204,408
Local funds	32,925
	<u>\$ 237,333</u>

Organized Community Action Program, Inc.
Notes to Financial Statements

Note 6: ACCRUED SUPPORT

Accrued support consists of the following:

<i>September 30,</i>	Grant ID	2019
Community Services Block Grant	CS-010-19	\$ 10,394

Note 7: ACCOUNTS RECEIVABLE – RELATED PARTY PARTNERSHIPS

Accounts Receivable – related party partnerships consists of the following:

<i>September 30,</i>	2019
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 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, 2019.

Note 8: PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

<i>September 30,</i>	2019
Land	\$ 119,263
Construction in progress	908,223
Buildings, improvements and equipment	3,199,114
Vehicles	260,791
	4,487,391
Less: accumulated depreciation	(2,022,691)
Property and equipment, net	\$ 2,464,700

Depreciation expense for the year ended September 30, 2019 was \$143,204.

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	2019	
Alabama Business Charitable Trust Fund			
Emergency Assistance Program	12/31/2019	\$	12,464
Pre-K	FY 19/20		91,250
Community Facilities Loans and Grants	17-2014		10,985
Low Income Home Energy Assistance	LIWAP-010-19		14,091
EF & S	Phase 36		19,730
ABC Trust Efficiency	2612-2615, 2617-2618		30,000
TB & T Home Efficiency			6,433
		\$	184,953

Note 10: DUE TO GRANTOR

Amounts due to grantor are from the following programs:

<i>September 30,</i>	Grant ID	2019	
Alabama Business Charitable Trust Fund			
Emergency Assistance Program	Various	\$	3,365
LIHEAP	Various		6,681
Pre-K	FY 18/19		86,700
Weatherization	Various		227
EF & S	Phase 33		178
		\$	97,151

Note 11: DONATED SERVICES, MATERIALS, AND FACILITIES (IN-KIND)

Significant services, materials, and facilities are donated to the Agency by various individuals and organizations. Donated materials and facilities were recorded at fair market value at the date of donation, and have been included in support and expenses for the fiscal year. Donated professional services are valued based on the fair market value of the services donated.

Donated non-professional services have not been recognized in the statement of activities because the criteria for recognition under FASB ASC 958-605 have not been satisfied. This value is based on time sheets maintained on the volunteers, using reasonable rates.

**Organized Community Action Program, Inc.
Notes to Financial Statements**

Note 11: DONATED SERVICES, MATERIALS, AND FACILITIES (IN-KIND) (Continued)

Donated materials, facilities, and services per grant for the year ended September 30, 2019 are as follows:

	Fatherhood	Pre-K	Head Start	Total
Facilities	\$ 8,020	\$ -	\$ 305,368	\$ 313,388
Professional services	350	-	26,388	26,738
Supplies and other	3,232	-	551,171	554,403
Total recognized in statement of activities	11,602	-	882,927	894,529
Non-professional services	11,160	219,064	683,024	913,248
Total non-cash donations	\$ 22,762	\$ 219,064	\$ 1,565,951	\$ 1,807,777

Note 12: INSURANCE PROCEEDS

On April 14, 2019, a F1 tornado hit the City of Troy causing 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. Belfor, 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 is being negotiated by Hanover Insurance. Agency operations and staff were relocated to four different locations in Troy, AL. Insurance funds for rent of these four facilities was paid through June 30, 2019. Insurance proceeds as of September 30, 2019 totaled \$794,566. A receivable related to the insurance proceeds was included in Note 5 accounts receivable – others totaling \$204,408 as of September 30, 2019.

Note 13: 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 \$88,610 in development fees from these partnerships during the fiscal year ended September 30, 2019. The Agency used development fees received to advance cash to Heatherton, Ltd and Woodmere, Ltd to perform repairs and to pay property taxes during the fiscal year ended September 30, 2019. See Note 7 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 \$58,461.82 was paid to the Agency during FY 2019. The Agency will receive the remaining proceeds of \$8,000 in FY 2020.

Organized Community Action Program, Inc.
Notes to Financial Statements

Note 14: LEASES

The Agency is a party to various leases, all of which are classified as operating leases. Total rent for all leases totaled \$122,485 for the fiscal year ended September 30, 2019.

Future minimum lease payments under non-cancelable operating leases with initial or remaining terms of one year or more are as follows:

For the year ending		
September 30,		
2020	\$	104,496
2021		45,345
2022		31,927
2023		28,227
2024		10,550
		<hr/>
	\$	220,545
		<hr/> <hr/>

Note 15: DEFINED BENEFIT PENSION 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 *Code of Alabama 1975, Title 16, Chapter 25* grants the authority to establish and amend the benefit terms to the TRS Board on Control. 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.

The risks of participating in a multiemployer plan is different from a single-employer plan in several aspects. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers. Also, if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

Organized Community Action Program, Inc. Notes to Financial Statements

Note 15: DEFINED BENEFIT PENSION PLAN (Continued)

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. TRS 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 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 equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending June 30 are paid to a qualified beneficiary.

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, 2019 was 12.41% of annual pay for Tier 1 members and 11.35% 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 15: DEFINED BENEFIT PENSION PLAN (Continued)

The following tables summarizes the multiemployer plan in which the Agency participated during the year ended September 30, 2019.

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	\$ 447,675	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	\$ 25,821,325,694	\$ 37,215,470,000	65-80%

Note 16: COMPENSATED ABSENCES

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). The compensated absence liability included in the accrued expenses total at September 30, 2019 was \$82,070.

Note 17: POST EMPLOYMENT BENEFITS OTHER THAN PENSION

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 employees 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. As such, for accounting purposes, it is treated as a cost-sharing multi-employer plan. Responsibility for the establishment of the health insurance plan and its general administration and operations is vested in the Public Education Employees' Health Insurance Board (PEEHIB) members. The PEEHIB is a body corporate for purposes of management of the health insurance plan. All assets of the PEEHIF are held in trust for payment of health insurance benefits.

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 PEEHIB to create an irrevocable trust fund to fund postemployment healthcare benefits to retirees. It is also treated as a multi-employer plan for accounting purposes. The assets of the Trust may not be used for any purpose

Organized Community Action Program, Inc. Notes to Financial Statements

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

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 assets of the Trust. Responsibility for the general administration and operations of the Trust is vested in its trustees who consist of the PEEHIB members. Active and retiree health insurance benefits are paid through PEEHIF as described below. Any Trust fund assets used in paying administrative costs and retiree benefits are transferred to and paid from the PEEHIF. The PEEHIB 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 PEEHIB 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 \$1,186,400.

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 December 31, 2016, the EGWP program ended and was fully replaced by a fully insured Medicare Advantage Prescription Drug Plan (MAPDP).

Note 18: CONTINGENT LIABILITIES

Various legal claims may arise from time to time in the normal course of operations which, in the opinion of management, will have no material effect on the Agency's financial statements.

Note 19: SUBSEQUENT EVENTS

The Agency has evaluated subsequent events between September 30, 2019 and September 10, 2020, the date the financials were available to be issued.

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 Board. 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.
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA No.	Pass-Through Grantor No.	Passed Through to Subrecipients	Expenditures
U.S. Department of Health and Human Services				
Direct programs				
Head Start Grant No. 04CH9947-03-03	93.600	N/A	\$ -	\$ 32,770
Head Start Grant No. 04CH9947-04-01	93.600	N/A	-	4,227,061
Head Start Grant No. 04CH9947-05-00	93.600	N/A	-	1,705,482
			-	5,965,313
Passed through Alabama Department of Human Resources				
Head Start	93.600	C5016-1735 - 17/19	-	127,486
Subtotal for 93.600				
			-	6,092,799
Passed through Alabama Department of Economic and Community Affairs				
Community Services Block Grant	93.569	CS-010-18	-	65,379
Community Services Block Grant	93.569	CS-010-19	-	506,625
Subtotal for 93.569				
			-	572,004
Low Income Home Energy Assistance				
Low Income Home Energy Assistance	93.568	LI-010-18	-	26,265
Low Income Home Energy Assistance	93.568	LI-010-19	-	2,892,899
Low Income Home Energy Assistance	93.568	LIWAP-010-18	-	151,806
Low Income Home Energy Assistance	93.568	LIWAP-010-19	-	40,213
Subtotal for 93.568				
			-	3,111,183
Passed through Alabama Department of Child Abuse and Neglect Prevention				
Temporary Assistance for Needy Families (TANF)	93.558	TANF 2019-206	-	89,361
Total U.S. Department of Health and Human Services				
			-	9,865,347
U.S. Department of Energy				
Passed through Alabama Department of Economic and Community Affairs				
Weatherization Assistance for Low Income Persons				
	81.042	DOE-010-18	-	177,395
Weatherization Assistance for Low Income Persons				
	81.042	DOE-010-19	-	67,841
Total U.S. Department of Energy				
			-	245,236

-Continued-

See independent auditors' report and accompanying notes to schedule of expenditures of federal awards.

**Organized Community Action Program, Inc.
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended September 30, 2019**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA No.	Pass-Through Grantor No.	Passed Through to Subrecipients	Expenditures
U.S. Department of Agriculture				
Passed through State Department of Education				
Child and Adult Care Food Program (CACFP)	10.558	AA8	-	564,643
Passed through Rural Development				
Community Facilities Loans and Grants	10.766	17-2014	-	39,015
Total U.S. Department of Agriculture			-	603,658
U.S. Department of Homeland Security				
Passed through United Way of America				
Emergency Food and Shelter Program				
Emergency Solutions Grant Program	97.024	Phase 35	-	75,968
Emergency Solutions Grant Program	97.024	Phase 36	-	683
Total U.S. Department of Homeland Security			-	76,651
U.S. Department of Housing and Urban Development				
Direct program				
Housing Counseling Assistance Program	14.169	HC18-0421-001	-	24,837
U.S. Social Security Administration				
Passed through State Department of Education				
Social Security Disability Insurance *	96.001	N/A	-	240
Total Federal Expenditures			\$ -	\$ 10,815,969

* Disability Insurance/SSI Cluster

See independent auditors' report and accompanying notes to schedule of expenditures of federal awards.

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

Note 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the schedule) summarizes the federal expenditures of the Agency under programs of the federal government for the year ended September 30, 2019. The amounts reported as federal expenditures were obtained from the Agency's general ledger. Because the schedule presents only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position, 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. 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. One cluster was identified in the schedule as follows:

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.

Note 2: 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 are recognized as property and equipment, net in the Agency's financial statements and as expenditures in the program financial reports.

Note 3: 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-throughs are considered to be direct.

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

Note 4: BASIS OF ACCOUNTING

This 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 5: FACILITIES AND ADMINISTRATIVE COSTS (F&A COSTS)

The Agency operates under predetermined fixed indirect cost rates that are effective through September 30, 2019. The base rate for indirect cost recoveries is 15.15% for the year ended September 30, 2019.

Note 6: 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. Based upon experience, the Agency does not believe that such disallowance, if any, would have a material effect on the financial position of the Agency. As of September 30, 2019, there were no known material questioned or disallowed costs as a result of grant audits in process or completed.

Note 7: NONCASH ASSISTANCE

The Agency did not receive any federal noncash assistance for the fiscal year ended September 30, 2019.

Note 8: DE MINIMIS

The Agency has elected to not use the 10% de Minimis indirect cost rate.

Note 9: SUBRECIPIENTS

The Agency did not provide federal funds to subrecipients for the fiscal year ended September 30, 2019.

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

Note 10: LOANS AND LOAN GUARANTEES

The Agency did not have any loans or loan guarantee programs required to be reported on the schedule.

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, 2019.

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, 2019. 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, 2019.

A reconciliation for the year ended September 30, 2019 is as follows:

		2019
Federal expenses per schedule of expenses of federal awards	\$	10,815,969
Plus non-federal grant revenue:		
DCA Pre-K		475,200
Alabama Business Charitable Trust		58,001
Centsable Energy		7,550
State General Fund		14,896
Plus federal grant revenue not spent shown in Net Income:		
Head Start - ECCP		37,138
Less federal grant revenue netted in expense account of federal fund:		
Social Security Disability Insurance Funds		(240)
Grant revenue per statement of activities	\$	11,408,514

**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, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 10, 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 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Agency in a separate letter dated September 10, 2020.

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.

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

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

Enterprise, Alabama

September 10, 2020

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR 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, 2019. The Agency's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for 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 the 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, 2019.

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

September 10, 2020

**Organized Community Action Program, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2019**

Section I – Summary of Auditors' Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditors' report issued | 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)? | No |
| 4. Identification of major programs | |
| CFDA Number | Federal Program |
| 93.600 | Head Start |
| 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 Statements Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported

**Organized Community Action Program, Inc.
Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2019**

There were no audit findings reported in the prior year

MANAGEMENT LETTER

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

In planning and performing our audit of the financial statements of Organized Community Action Program, Inc. (the "Agency") as of and for the year ended September 30, 2019, we considered the Agency's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

However, during our audit, we became aware of one matter that is an opportunity for strengthening internal controls and operating efficiency. We previously reported on the Agency's internal control in our reports dated September 10, 2020. This letter does not affect our reports dated September 10, 2020 on the financial statements of the Agency.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Agency personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

2019-001 Cybersecurity – The Agency has not performed any cybersecurity training for all Agency employees using their operating systems covering topics such as phishing scams and business email compromise scams. We recommend that management consider providing cybersecurity training to Agency employees on applicable cybersecurity topics.

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

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

Enterprise, Alabama

September 10, 2020