

COMMUNITY ACTION PARTNERSHIP OF
STRAFFORD COUNTY

**FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018
AND
INDEPENDENT AUDITORS' REPORTS**

*Leone,
McDonnell
& Roberts*
PROFESSIONAL ASSOCIATION

CERTIFIED PUBLIC ACCOUNTANTS

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

DECEMBER 31, 2019 AND 2018

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

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Community Action Partnership of Strafford County (a New Hampshire nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Action Partnership of Strafford County as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2020, on our consideration of Community Action Partnership of Strafford County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Action Partnership of Strafford County's internal control over financial reporting and compliance.

*Leon, McDonnell & Roberts
Professional Association*

June 24, 2020
Wolfeboro, New Hampshire

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,068,744	\$ 749,630
Accounts receivable	1,525,775	1,106,724
Contributions receivable	68,100	63,800
Tax credits receivable	-	250,000
Inventory	19,510	13,420
Prepaid expenses	<u>12,570</u>	<u>58,266</u>
Total current assets	<u>2,694,699</u>	<u>2,241,840</u>
NONCURRENT ASSETS		
Security deposits	5,350	5,350
Property, net of accumulated depreciation	4,815,150	3,827,963
Other noncurrent assets	<u>27,500</u>	<u>27,500</u>
Total noncurrent assets	<u>4,848,000</u>	<u>3,860,813</u>
TOTAL ASSETS	<u>\$ 7,542,699</u>	<u>\$ 6,102,653</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Demand note payable	\$ 105,432	\$ 165,432
Accounts payable	455,276	408,959
Accrued payroll and related taxes	193,430	161,566
Accrued compensated absences	84,272	94,084
Refundable advances	491,025	415,335
Other current liabilities	<u>4,955</u>	<u>79,421</u>
Total current liabilities	1,334,390	1,324,797
NONCURRENT LIABILITIES		
Long term debt	<u>2,566,846</u>	<u>2,814,690</u>
Total liabilities	<u>3,901,236</u>	<u>4,139,487</u>
NET ASSETS		
Without donor restrictions	3,330,373	1,307,042
With donor restrictions	<u>311,090</u>	<u>656,124</u>
Total net assets	<u>3,641,463</u>	<u>1,963,166</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,542,699</u>	<u>\$ 6,102,653</u>

See Notes to Financial Statements

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
CHANGE IN NET ASSETS			
REVENUES AND OTHER SUPPORT			
Grant revenue	\$ 8,385,228	\$ -	\$ 8,385,228
Fees for service	2,026,319	-	2,026,319
Rent revenue	9,385	-	9,385
Public support	492,204	240,031	732,235
In-kind donations	699,583	-	699,583
Interest	335	-	335
Fundraising	25,334	-	25,334
	<hr/>	<hr/>	<hr/>
Total revenues and support	11,638,388	240,031	11,878,419
NET ASSETS RELEASED FROM RESTRICTIONS	<hr/>	<hr/>	<hr/>
	585,065	(585,065)	-
	<hr/>	<hr/>	<hr/>
Total revenues, support, and net assets released from restrictions	12,223,453	(345,034)	11,878,419
	<hr/>	<hr/>	<hr/>
EXPENSES			
Program services			
Child services	4,467,961	-	4,467,961
Community services	1,084,934	-	1,084,934
Energy assistance	2,382,868	-	2,382,868
Housing	310,583	-	310,583
Weatherization	1,894,803	-	1,894,803
Workforce development	134,487	-	134,487
	<hr/>	<hr/>	<hr/>
Total program services	10,275,636	-	10,275,636
Supporting activities			
Management and general	834,730	-	834,730
Fundraising	93,752	-	93,752
	<hr/>	<hr/>	<hr/>
Total expenses	11,204,118	-	11,204,118
	<hr/>	<hr/>	<hr/>
CHANGE IN NET ASSETS BEFORE NONCASH CONTRIBUTION	1,019,335	(345,034)	674,301
NONCASH CONTRIBUTION	<hr/>	<hr/>	<hr/>
	1,003,996	-	1,003,996
CHANGE IN NET ASSETS	2,023,331	(345,034)	1,678,297
NET ASSETS, BEGINNING OF YEAR	<hr/>	<hr/>	<hr/>
	1,307,042	656,124	1,963,166
NET ASSETS, END OF YEAR	<hr/>	<hr/>	<hr/>
	\$ 3,330,373	\$ 311,090	\$ 3,641,463

See Notes to Financial Statements

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

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

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

See Notes to Financial Statements

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,678,297	\$ (41,173)
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	175,101	115,671
Donated property and equipment	(1,003,996)	-
Decrease (increase) in assets:		
Accounts receivable	(419,051)	(12,263)
Contributions receivable	(4,300)	52,000
Tax credits receivable	250,000	(78,000)
Inventory	(6,090)	(1,888)
Prepaid expenses	45,696	(48,657)
Other noncurrent assets	-	(15,000)
Increase (decrease) in liabilities:		
Accounts payable	46,317	191,377
Accrued payroll and related taxes	31,864	24,118
Accrued compensated absences	(9,812)	(6,881)
Refundable advances	75,690	23,959
Other current liabilities	<u>(74,466)</u>	<u>58,632</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>785,250</u>	<u>261,895</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(158,292)</u>	<u>(80,315)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(158,292)</u>	<u>(80,315)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Return of deposit on building	-	200,000
Cash paid for debt issuance costs	-	(53,184)
Payments made on long-term debt	(247,844)	-
Net borrowings on demand note payable	<u>(60,000)</u>	<u>60,055</u>
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	<u>(307,844)</u>	<u>206,871</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	319,114	388,451
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>749,630</u>	<u>361,179</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,068,744</u>	<u>\$ 749,630</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 160,999</u>	<u>\$ 40,830</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Donated property and equipment	<u>\$ 1,003,996</u>	<u>\$ -</u>
Property and equipment financed by long term debt	<u>\$ -</u>	<u>\$ 2,867,874</u>

See Notes to Financial Statements

<u>tion</u>	<u>Workforce Development</u>	<u>Total Program Services</u>	<u>Intermediate (Allocation) Pools</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
99	\$ 78,252	\$ 3,072,050	\$ 106,649	\$ 441,704	\$ 36,580	\$ 3,656,983
74	5,911	229,667	8,416	48,879	2,813	289,775
36	9,765	279,645	7,497	22,254	4,853	314,249
31	1,499	3,858,562	-	-	-	3,858,562
00	-	695,644	-	-	3,939	699,583
10	819	308,036	17,231	93,118	4,995	423,380
23	1,607	501,634	25,407	30,977	1,768	559,786
39	24,103	548,781	(439,922)	28,681	1,649	139,189
59	1,478	58,642	132,983	12,568	134	204,327
72	5,753	149,238	(12,262)	17,018	517	154,511
59	1,128	111,988	11,349	15,137	207	138,681
22	195	133,297	5,029	21,668	2,385	162,379
07	2,320	105,145	-	69,956	-	175,101
52	1,158	116,547	(23,504)	10,948	148	104,139
40	118	32,031	76	3,336	18,958	54,401
77	192	16,762	267	11,129	252	28,410
29	189	36,550	10,224	4,190	-	50,964
39	-	10,439	150,560	2,156	-	163,155
-	-	-	-	945	-	945
-	-	2,969	-	-	-	2,969
35	-	8,009	-	66	14,554	22,629
<u>03</u>	<u>\$ 134,487</u>	<u>\$ 10,275,636</u>	<u>\$ -</u>	<u>\$ 834,730</u>	<u>\$ 93,752</u>	<u>\$ 11,204,118</u>

<u>ation</u>	<u>Workforce Development</u>	<u>Total Program Services</u>	<u>Intermediate (Allocation) Pools</u>	<u>Management And General</u>	<u>Fundraising</u>	<u>Total</u>
728	\$ 70,677	\$ 2,790,212	\$ 126,143	\$ 518,114	\$ 27,189	\$ 3,461,658
909	6,251	239,281	9,926	41,023	2,119	292,349
943	8,774	244,440	11,689	32,291	3,107	291,527
818	10,302	4,067,975	-	-	-	4,067,975
-	-	638,320	2,345	-	4,665	645,330
774	719	382,682	18,196	67,945	228	469,051
061	3,153	275,608	34,905	14,984	1,412	326,909
392	25,418	455,160	(384,847)	57,802	2,159	130,274
27	1,210	18,050	118,877	24,103	7,575	168,605
762	3,735	132,169	(3,880)	18,286	439	147,014
899	1,203	112,376	14,743	12,239	190	139,548
750	-	85,649	327	44,322	1,299	131,597
-	2,320	94,150	-	21,521	-	115,671
339	1,339	107,678	(12,541)	11,221	978	107,336
297	150	12,172	52	4,210	5,060	21,494
218	179	16,099	307	5,290	31	21,727
030	98	73,591	63,582	-	1,314	138,487
080	-	6,043	-	35,506	-	41,549
-	-	-	-	44,219	-	44,219
-	-	7,309	176	3,617	12,578	23,680
027	\$ 135,528	\$ 9,758,964	\$ -	\$ 956,693	\$ 70,343	\$ 10,786,000

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

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

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

Basis of Accounting

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

Financial Statement Presentation

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

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

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

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

At December 31, 2019 and 2018, the Agency had net assets without donor and with donor restrictions.

Refundable Advances

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

Contributions

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

Contributed Services

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

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

Fair Value of Financial Instruments

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

Inventory

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

Property and Depreciation

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

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

Depreciation expense aggregated \$175,101 and \$115,671 for the years ended December 31, 2019 and 2018, respectively.

Accrued Earned Time

The Agency has accrued a liability of \$84,272 and \$94,084 at December 31, 2019 and 2018, respectively, for future compensated leave time that its employees have earned and which is vested with the employee.

Income Taxes

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

Accounting Standard Codification No. 740, "Accounting for Income Taxes", establishes the minimum threshold for recognizing, and a system for measuring, the benefits of tax return positions in financial statements. Management has analyzed the Agency's tax position taken on its information returns for the years 2016 through 2019 and has concluded that no additional provision for income taxes is necessary in the Agency's financial statements.

Cash and Cash Equivalents

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

Revenue Recognition Policy

The Agency derives revenue from grants, fees for services, donations, public support and fundraising. Revenues are recognized when control of these services are transferred to customers, in an amount that reflects the consideration the Agency expects to be entitled to in exchange for those services. Cost incurred to obtain a contract will be expensed as incurred when the amortization period is less than a year.

Use of Estimates

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

Advertising Expenses

The Agency expenses advertising costs as they are incurred. Total advertising costs for the years ended December 31, 2019 and 2018 amounted to \$12,558 and \$22,000, respectively.

Debt Issuance Costs

As required under FASB Accounting Standards Update No. 2015-03, amortization expense for the years ended December 31, 2019 and 2018 amounted to \$2,156 and \$719, respectively and have been included with interest expense in the statement of activities for each year. The unamortized deferred financing costs have been included as a reduction of the long term debt (See Note 9).

In-kind Donations

The Agency pays below-market rent for the use of certain facilities. In accordance with generally accepted accounting principles, the difference between amounts paid for the use of the facilities and the fair value of the rental space has been recorded as an in-kind donation and as an in-kind expense in the accompanying financial statements. The estimated fair value of the donation was determined to be \$177,259 and \$255,313 for the years ended December 31, 2019 and 2018, respectively.

The Agency also receives contributed professional services that are required to be recorded in accordance with FASB ASC No. 958. The estimated fair value of these services was determined to be \$33,857 and \$150,442 for the years ended December 31, 2019 and 2018, respectively.

The Agency also receives contributed food commodities and other goods that are required to be recorded in accordance with FASB ASC No. 958. The estimated fair value of these food commodities and goods was determined to be \$397,292 and \$91,175, respectively, for the year ended December 31, 2019. For the year ended December 31, 2018, the estimated fair value of these food commodities and goods was determined to be \$181,461 and \$58,114, respectively.

Functional Allocation of Expenses

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

The expenses that are allocated include the following:

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

NOTE 2. PROPERTY

As of December 31, 2019 and 2018, property consisted of the following:

	<u>2019</u>	<u>2018</u>
Land, buildings and improvements	\$ 5,039,871	\$ 3,993,017
Furniture, equipment and machinery	600,526	562,450
Vehicles	<u>327,137</u>	<u>249,779</u>
Total	5,967,534	4,805,246
Less accumulated depreciation	<u>1,152,384</u>	<u>977,283</u>
Net property	<u>\$ 4,815,150</u>	<u>\$ 3,827,963</u>

NOTE 3. LIQUIDITY AND AVAILABILITY

The following represents the Agency's financial assets as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash	\$ 1,068,744	\$ 749,630
Accounts receivable	1,525,775	1,106,724
Contributions receivable	68,100	63,800
Tax credits receivable	<u>-</u>	<u>250,000</u>
Total financial assets	2,662,619	2,170,154
Less amounts not available to be used within one year:		
Board designated funds	<u>307,315</u>	<u>307,315</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,355,304</u>	<u>\$ 1,862,839</u>

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

NOTE 4. ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for uncollectible accounts was estimated to be zero at December 31, 2019 and 2018. The Agency has no policy for charging interest on overdue accounts.

NOTE 5. CONTRIBUTIONS RECEIVABLE

Contributions receivable represent promises to give, which have been made by donors but have not yet been received by the Agency. The Agency considers contributions receivable to be fully collectible; accordingly, no allowance for contributions receivable has been recorded. Total unconditional promises to give were as follows at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Within one year	\$ 38,057	\$ 28,300
In two to five years	<u>30,043</u>	<u>35,500</u>
	<u>\$ 68,100</u>	<u>\$ 63,800</u>

NOTE 6. TAX CREDIT PROGRAM

The New Hampshire Community Development Finance Authority's Tax Credit Program allows New Hampshire businesses to contribute to not-for-profit community, housing and economic development projects and receive a 75% New Hampshire state tax credit that can be applied against New Hampshire business profits, business enterprise and insurance premium taxes. Through this Tax Credit Program, the Agency did not recognize any revenue during the year ended December 31, 2019. For the year ended December 31, 2018, the Agency recognized contribution revenue of \$78,000. The total cumulative contribution revenue raised to date is \$250,000 as of December 31, 2019. At December 31, 2019, the Agency had no tax credits receivable. At December 31, 2018, the Agency had tax credits receivable of \$250,000.

NOTE 7. PLEDGED ASSETS

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

NOTE 8. DEMAND NOTE PAYABLE

The Agency has available a revolving line of credit with a bank in the amount of \$250,000. The note is payable upon demand, but in the absence of demand, is due in September 2020. Interest is stated at the prime rate plus 1% which resulted in an interest rate of 5.75% and 6.50% at December 31, 2019 and 2018, respectively. The note is collateralized by all the assets of the Agency.

NOTE 9. LONG TERM DEBT

The long term debt at December 31, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
4.90% mortgage payable to Kennebunk Savings Bank with interest only payments for 36 months followed by principal and interest payments for 264 months for the first ten years. In 2028 principal and interest payments will adjust to 1.50% above the highest five-year Federal Home Loan Bank of Boston. The mortgage note payable is collateralized by the building and leases and rents of 577 Central Ave.	\$ 2,143,096	\$ 2,347,874
5.00% mortgage payable to the New Hampshire Community Loan Fund of interest only payments for 36 months followed by principal and interest payments for 264 months. The mortgage note payable is collateralized by the building and leases and rents of 577 Central Ave.	<u>474,778</u>	<u>520,000</u>
Total long term debt before unamortized debt issuance costs	2,617,874	2,867,874
Unamortized deferred financing cost	<u>(51,028)</u>	<u>(53,184)</u>
Total long term debt	<u>\$ 2,566,846</u>	<u>\$ 2,814,690</u>

The schedule of maturities of long term debt at December 31, 2019 is as follows:

<u>Year Ended December 31</u>	<u>Amount</u>
2020	\$ -
2021	18,343
2022	75,657
2023	79,448
2024	83,430
Thereafter	<u>2,360,996</u>
Total	<u>\$ 2,617,874</u>

NOTE 10. NET ASSETS

At December 31, 2019 and 2018, net assets with donor restrictions consisted of the following:

	<u>2019</u>	<u>2018</u>
Summer Meals	\$ 11,914	\$ 51,621
Building Campaign	27,891	488,385
Security deposits	51,584	32,145
Whole Family	163,738	-
Revolving loan fund	-	52,736
Fuel assistance	33,995	23,566
Weatherization	3,434	7,671
Coordinated entry	8,147	-
Holiday baskets	3,985	-
Food pantry	2,521	-
Special events	<u>3,881</u>	<u>-</u>
Total	<u>\$ 311,090</u>	<u>\$ 656,124</u>

At December 31, 2019 and 2018, net assets without donor restrictions consisted of the following:

	<u>2019</u>	<u>2018</u>
Undesignated	\$ 3,023,058	\$ 999,727
Board designated	<u>307,315</u>	<u>307,315</u>
Total net assets without donor restrictions	<u>\$ 3,330,373</u>	<u>\$ 1,307,042</u>

NOTE 11. LEASE COMMITMENTS

Facilities occupied by the Agency for its community service programs are rented under the terms of various leases. For the years ended December 31, 2019 and 2018, the annual lease/rent expense for the leased facilities was \$111,043 and \$117,534, respectively. Certain equipment is leased by the Agency under the terms of various leases.

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

<u>Year Ended December 31</u>	<u>Amount</u>
2020	\$ 64,073
2021	19,633
2022	15,697
2023	1
2024	<u>1</u>
Total	<u>\$ 99,405</u>

NOTE 12. RETIREMENT PLAN

The Agency maintains a 403(b) Plan and Trust (the Plan) covering substantially all employees. Employee contributions to the Plan are made at predetermined rates elected by employees. Additionally, the Agency provides a matching contribution equal to 25% of the employee's contribution up to 5% of the employee's compensation. Effective April 1, 2016, the Agency instituted an auto enrollment feature mandating a minimum 1% employee contribution; however, employees reserve the right to decline the auto enrollment. Employer matching contributions for the years ended December 31, 2019 and 2018 totaled \$28,408 and \$21,727, respectively.

NOTE 13. CONCENTRATION OF RISK

The Agency receives a majority of its support from federal and state governments. For the years ended December 31, 2019 and 2018, approximately 81% and 90%, respectively, of the Agency's total revenue was received from federal and state governments. If a significant reduction in the level of support were to occur, it would have a significant effect on the Agency's programs and activities.

NOTE 14. CONCENTRATION OF CREDIT RISK

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

NOTE 15. CONTINGENCIES

The Agency receives grant funding from various sources. Under the terms of these agreements, the Agency is required to use the funds within a certain period and for purposes specified by the governing laws and regulations. If expenditures were found not to have been made in compliance with the laws and regulations, the Agency might be required to repay the funds. No provisions have been made for this contingency because specific amounts, if any, have not been determined or assessed as of December 31, 2019 and 2018.

NOTE 16. NONCASH CONTRIBUTION

During the year ended December 31, 2019, the Agency received land and property as a contribution. The contribution has been recorded at the fair value of the land and property, totaling \$1,003,996. Additionally, the Agency received \$130,000 from the contributor, resulting in a total contribution of \$1,133,996.

NOTE 17. SUBSEQUENT EVENTS

The impact of the novel coronavirus (COVID-19) and measures to prevent its spread are affecting the Agency's business. The significance of the impact of these disruptions, including the extent of their adverse impact on the Agency's financial operational results, will be dictated by the length of time that such disruptions continue and, in turn, will depend on the currently unknowable duration of the COVID-19 pandemic and the impact of governmental regulations that might be imposed in response to the pandemic. COVID-19 also makes it more challenging for management to estimate future performance of the Agency, particularly over the near to medium term.

The Agency has remained proactive with its current funding sources, as well as programs being made available during the COVID-19 pandemic. Prior to issuance of the audit report, the Agency was able to secure a loan from the Payroll Protection Program (PPP) offered under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The Agency received loan proceeds in the amount of \$97,500. The PPP may be up to 100% forgivable if the funds are used for certain expenses as specified by the program.

If the Agency does not meet the loan criteria, the unforgiven portion of the PPP loan is payable over five years at an interest rate of 1%, with a deferral of payments for the first six months. The Agency intends to use the proceeds for purposes consistent with the PPP. While the Agency currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, we cannot assure you that the Agency will be eligible for forgiveness of the loan, in whole or in part.

Subsequent events are events or transactions that occur after the statement of financial position date, but before financial statements are available to be issued. Recognized subsequent events are events or transactions that provide additional evidence about conditions that existed at the statement of financial position date, including the estimates inherent in the process of preparing financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the statement of financial position date but arose after that date. Management has evaluated subsequent events through June 24, 2020, the date the December 31, 2019 financial statements were available for issuance.

<u>PROGROSS PROJECT'S NAME</u>	<u>GRANTOR'S NUMBER</u>	<u>FEDERAL EXPENDITURES</u>	
ation	4300-ZZZ		\$ 117,993
ation	4300-ZZZ	\$ 94,468	
ation	At-Risk After School Care Centers	<u>94,387</u>	188,855
ership	None		<u>397,292</u>
			<u>\$ 704,140</u>
	Dover Housing Authority		\$ 30,662
	City of Dover	\$ 27,802	
	City of Rochester	<u>51,356</u>	79,158
th and Human Services	05-95-42-423010-7927-102-500731		55,255
th and Human Services	05-95-42-423010-7927-102-500731		52,224
ervices	Community Partners		<u>434</u>
			<u>\$ 217,733</u>
	2016-0003	\$ 28,290	
	2016-0003	<u>28,612</u>	<u>56,902</u>
			<u>\$ 56,902</u>
f Energy & Community Services	01-02-02-024010-7706-074-500587		<u>\$ 164,711</u>
			<u>\$ 164,711</u>
ind Adult services	010-048-7872-512-0352	\$ 2,720	
th and Human Services,	05-95-48-48010-78720000-512-500352	<u>19,394</u>	\$ 22,114
th and Human Services, DPH,	05-95-90-902010-5896		184,436
Children, Youth and Families	05-095-042-421010-29730000-102-500734-42107306		9,557
Children, Youth and Families	05-095-045-450010-61460000-502-500891-42106603	162,321	
	13-DHHS-BWW-CSP-05	<u>94,698</u>	257,019
f Energy & Planning	01-02-02-024010-77050000-074-500587	2,234,146	
f Energy & Planning	01-02-02-024010-77050000-074-500587	<u>180,189</u>	2,414,335
	05-95-045-450010-714800000-102-500731		357,287
	01CH996002 & 01HP000702		3,752,019
Children, Youth and Families	05-095-042-421010-29680000-102-500734-42106802		624
Children, Youth and Families	05-095-042-421010-29660000-102-500734-42106603		<u>35,836</u>
			<u>\$ 7,033,227</u>
			<u>\$ 8,176,713</u>
			<u>\$ 1,609,636</u>

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of Federal Awards (the Schedule) includes the federal award activity of Community Action Partnership of Strafford County under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Community Action Partnership of Strafford County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Agency.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. FOOD DONATION

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

NOTE 5. SUBRECIPIENTS

Community Action Partnership of Strafford County had no subrecipients for the year ended December 31, 2019.

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Action Partnership of Strafford County (a New Hampshire nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows, and the related notes to the financial statements, and have issued our report thereon dated June 24, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Action Partnership of Strafford County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Leon, McDonnell & Roberts
Professional Association*

June 24, 2020
Wolfeboro, New Hampshire

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

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

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

Report on Compliance for Each Major Federal Program

We have audited Community Action Partnership of Strafford County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Community Action Partnership of Strafford County's major federal programs for the year ended December 31, 2019. Community Action Partnership of Strafford County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Community Action Partnership of Strafford County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

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

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

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

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

*Leon, McDonnell & Roberts
Professional Association*

June 24, 2020
Wolfeboro, New Hampshire

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2019

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Community Action Partnership of Strafford County were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Community Action Partnership of Strafford County, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs are reported in the *Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance*. No material weaknesses are reported.
5. The auditors' report on compliance for the major federal award programs for Community Action Partnership of Strafford County expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The programs tested as major were: U.S. Department of Health and Human Services, Low-Income Home Energy Assistance Program, CFDA 93.568, and U.S. Department of Agriculture, Child Nutrition Cluster, CFDA, 10.555 (National School Lunch Program), and CFDA, 10.559 (Summer Food Service Program for Children). **NON-FEDERAL**, Eversource Energy Service Company, Home Energy Assistance Program.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Community Action Partnership of Strafford County was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None

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

None

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019**

A. FINDINGS – FINANCIAL STATEMENTS AUDIT

2018-001 General Ledger Close and Adjusting Journal Entries

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

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

Current status: The recommendation was adopted during 2019.

2018-002 Monthly Reconciliations

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

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

Current status: The recommendation was adopted during 2019.