

Financial Statements

COMMUNITY ACTION PROGRAM
BELKNAP - MERRIMACK COUNTIES, INC.

**FOR THE YEARS ENDED FEBRUARY 29, 2024 AND
FEBRUARY 28, 2023 AND
INDEPENDENT AUDITORS' REPORT AND
REPORTS ON COMPLIANCE AND INTERNAL CONTROL**

*Leone,
McDonnell
& Roberts*
PROFESSIONAL ASSOCIATION

CERTIFIED PUBLIC ACCOUNTANTS

COMMUNITY ACTION PROGRAM BELKNAP – MERRIMACK COUNTIES, INC.

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Community Action Program of Belknap-Merrimack Counties, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Community Action Program of Belknap-Merrimack Counties, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of February 29, 2024 and February 28, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Community Action Program of Belknap-Merrimack Counties, Inc. as of February 29, 2024 and February 28, 2023, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community Action Program of Belknap-Merrimack Counties, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Action Program of Belknap-Merrimack Counties, Inc.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Community Action Program of Belknap-Merrimack Counties, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Action Program of Belknap-Merrimack Counties, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards

generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated 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 November 14, 2024, on our consideration of Community Action Program of Belknap-Merrimack Counties, Inc.'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 Community Action Program of Belknap-Merrimack Counties, Inc.'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 Community Action Program of Belknap-Merrimack Counties, Inc.'s internal control over financial reporting and compliance.

*Leone McDonnell & Roberts
Professional Association*

Dover, New Hampshire
November 14, 2024

COMMUNITY ACTION PROGRAM BELKNAP - MERRIMACK COUNTIES, INC.

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
FEBRUARY 29, 2024 AND FEBRUARY 28, 2023**

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 786,672	\$ 1,711,575
Accounts receivable	3,691,075	6,027,912
Inventory	90,873	81,569
Prepaid expenses	93,547	100,225
Investments	<u>151,171</u>	<u>128,956</u>
Total current assets	<u>4,813,338</u>	<u>8,050,237</u>
PROPERTY		
Land, buildings and improvements	7,717,223	7,627,214
Equipment, furniture and vehicles	4,623,986	4,762,497
Construction in process	<u>-</u>	<u>132,920</u>
Total property	<u>12,341,209</u>	<u>12,522,631</u>
Less accumulated depreciation	<u>6,053,895</u>	<u>6,165,156</u>
Property, net	<u>6,287,314</u>	<u>6,357,475</u>
OTHER ASSETS		
Right of use asset	1,136,814	1,387,327
Cash escrow and reserve funds	143,291	77,328
Tenant security deposits	8,106	8,247
Due from related party	<u>71,660</u>	<u>61,348</u>
Total other assets	<u>1,359,871</u>	<u>1,534,250</u>
TOTAL ASSETS	<u>\$ 12,460,523</u>	<u>\$ 15,941,962</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Current portion of notes payable	\$ 111,255	\$ 237,926
Current portion of right of use liability	311,050	461,162
Line of credit	600,083	-
Accounts payable	2,233,966	4,550,252
Accrued expenses	1,290,635	1,177,337
Refundable advances	<u>704,973</u>	<u>1,817,340</u>
Total current liabilities	<u>5,251,962</u>	<u>8,244,017</u>
LONG TERM LIABILITIES		
Notes payable, less current portion shown above	565,216	668,146
Right of use liability, less current portion shown above	825,764	926,165
Tenant security deposits	<u>8,081</u>	<u>8,221</u>
Total liabilities	<u>6,651,023</u>	<u>9,846,549</u>
NET ASSETS		
Without donor restrictions	5,312,618	5,433,455
With donor restrictions	<u>496,882</u>	<u>661,958</u>
Total net assets	<u>5,809,500</u>	<u>6,095,413</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 12,460,523</u>	<u>\$ 15,941,962</u>

See Notes to Consolidated Financial Statements

COMMUNITY ACTION PROGRAM BELKNAP - MERRIMACK COUNTIES, INC.

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED FEBRUARY 29, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Grant awards	\$ 26,129,332	\$ -	\$ 26,129,332
Rental income	125,806	-	125,806
Other funds	3,627,514	3,047,768	6,675,282
In-kind	525,485	-	525,485
United Way	9,128	-	9,128
Interest income	2,703	-	2,703
Realized loss on sale of equipment	<u>(13,333)</u>	<u>-</u>	<u>(13,333)</u>
Total revenues and other support	30,406,635	3,047,768	33,454,403
NET ASSETS RELEASED FROM RESTRICTIONS	<u>3,212,844</u>	<u>(3,212,844)</u>	<u>-</u>
Total	<u>33,619,479</u>	<u>(165,076)</u>	<u>33,454,403</u>
EXPENSES			
Program	31,676,562	-	31,676,562
Management	<u>2,063,754</u>	<u>-</u>	<u>2,063,754</u>
Total expenses	<u>33,740,316</u>	<u>-</u>	<u>33,740,316</u>
CHANGE IN NET ASSETS	(120,837)	(165,076)	(285,913)
NET ASSETS, BEGINNING OF YEAR	<u>5,433,455</u>	<u>661,958</u>	<u>6,095,413</u>
NET ASSETS, END OF YEAR	<u>\$ 5,312,618</u>	<u>\$ 496,882</u>	<u>\$ 5,809,500</u>

See Notes to Consolidated Financial Statements

COMMUNITY ACTION PROGRAM BELKNAP - MERRIMACK COUNTIES, INC.

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED FEBRUARY 28, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Grant awards	\$ 56,930,603	\$ -	\$ 56,930,603
Rental Income	140,962	-	140,962
Other funds	2,804,065	3,122,293	5,926,358
In-kind	401,748	-	401,748
United Way	3,659	-	3,659
Interest Income	895	-	895
Realized loss on sale of equipment	<u>(36,538)</u>	<u>-</u>	<u>(36,538)</u>
Total revenues and other support	60,245,394	3,122,293	63,367,687
NET ASSETS RELEASED FROM RESTRICTIONS	<u>3,194,861</u>	<u>(3,194,861)</u>	<u>-</u>
Total	<u>63,440,255</u>	<u>(72,568)</u>	<u>63,367,687</u>
EXPENSES			
Program	61,101,300	-	61,101,300
Management	<u>1,988,237</u>	<u>-</u>	<u>1,988,237</u>
Total expenses	<u>63,089,537</u>	<u>-</u>	<u>63,089,537</u>
CHANGE IN NET ASSETS	350,718	(72,568)	278,150
NET ASSETS, BEGINNING OF YEAR	<u>5,082,737</u>	<u>734,526</u>	<u>5,817,263</u>
NET ASSETS, END OF YEAR	<u>\$ 5,433,455</u>	<u>\$ 661,958</u>	<u>\$ 6,095,413</u>

See Notes to Consolidated Financial Statements

COMMUNITY ACTION PROGRAM BELKNAP - MERRIMACK COUNTIES, INC.

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED FEBRUARY 29, 2024**

	<u>Program</u>	<u>Management</u>	<u>Total</u>
Salaries and wages	\$ 9,105,646	\$ 826,693	\$ 9,932,339
Payroll taxes and benefits	2,505,764	224,252	2,730,016
Travel	259,348	11,431	270,779
Occupancy	1,462,035	67,742	1,529,777
Program services	14,707,259	-	14,707,259
Other costs:			
Accounting fees	80,237	792	81,029
Legal fees	4,565	-	4,565
Supplies	195,916	40,011	235,927
Postage and shipping	46,082	-	46,082
Equipment rental and maintenance	4,780	-	4,780
Printing and publications	49,800	14,894	64,694
Conferences, conventions and meetings	18,678	-	18,678
Interest	-	62,390	62,390
Insurance	137,740	45,250	182,990
Membership fees	8,955	9,815	18,770
Utility and maintenance	59,074	69,084	128,158
Computer services	58,781	-	58,781
Other	2,413,981	154,502	2,568,483
Depreciation	32,436	536,898	569,334
In-kind	525,485	-	525,485
	<u>\$ 31,676,562</u>	<u>\$ 2,063,754</u>	<u>\$ 33,740,316</u>
Total functional expenses	<u>\$ 31,676,562</u>	<u>\$ 2,063,754</u>	<u>\$ 33,740,316</u>

See Notes to Consolidated Financial Statements

COMMUNITY ACTION PROGRAM BELKNAP - MERRIMACK COUNTIES, INC.

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED FEBRUARY 28, 2023**

	<u>Program</u>	<u>Management</u>	<u>Total</u>
Salaries and wages	\$ 8,902,376	\$ 841,141	\$ 9,743,517
Payroll taxes and benefits	2,422,222	155,843	2,578,065
Travel	233,521	16,301	249,822
Occupancy	1,360,924	133,139	1,494,063
Program services	44,607,205	-	44,607,205
Other costs:			
Accounting fees	66,194	1,959	68,153
Legal fees	24,793	268	25,061
Supplies	289,188	38,955	328,143
Postage and shipping	45,766	-	45,766
Equipment rental and maintenance	1,540	-	1,540
Printing and publications	41,775	15,970	57,745
Conferences, conventions and meetings	13,885	-	13,885
Interest	3,991	39,049	43,040
Insurance	131,454	30,788	162,242
Membership fees	13,298	10,283	23,581
Utility and maintenance	139,247	-	139,247
Computer services	71,214	-	71,214
Other	2,298,910	139,405	2,438,315
Depreciation	32,049	565,136	597,185
In-kind	401,748	-	401,748
	<u>\$ 61,101,300</u>	<u>\$ 1,988,237</u>	<u>\$ 63,089,537</u>
Total functional expenses			

See Notes to Consolidated Financial Statements

COMMUNITY ACTION PROGRAM BELKNAP - MERRIMACK COUNTIES, INC.

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023**

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (285,913)	\$ 278,150
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	569,334	597,185
Interest on deferred financing costs	484	483
Unrealized (gain) loss on investments	(22,215)	9,837
Realized loss on sale of equipment	13,333	36,538
Decrease (increase) in current assets:		
Accounts receivable	2,336,837	(783,291)
Inventory	(9,304)	190,357
Prepaid expenses	6,678	(66,297)
Due from related party	(10,312)	4,140
Tenant Security Deposits	141	873
Increase (decrease) in current liabilities:		
Accounts payable	(2,316,286)	914,597
Accrued expenses	113,298	91,130
Refundable advances	(1,112,367)	279,538
Tenant Security Deposits	(140)	(899)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(716,432)</u>	<u>1,552,341</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property	<u>(512,506)</u>	<u>(773,876)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(512,506)</u>	<u>(773,876)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowing (repayment) on line of credit	600,083	(154,350)
Repayment of long term debt	<u>(230,085)</u>	<u>(309,165)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>369,998</u>	<u>(463,515)</u>
NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	(858,940)	314,950
CASH AND RESTRICTED CASH BALANCE, BEGINNING OF YEAR	<u>1,788,903</u>	<u>1,473,953</u>
CASH AND RESTRICTED CASH BALANCE, END OF YEAR	<u>\$ 929,963</u>	<u>\$ 1,788,903</u>
CASH AND RESTRICTED CASH:		
Cash	\$ 786,672	\$ 1,711,575
Cash escrow and reserve funds	<u>143,291</u>	<u>77,328</u>
	<u>\$ 929,963</u>	<u>\$ 1,788,903</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ 62,390</u>	<u>\$ 43,040</u>

See Notes to Consolidated Financial Statements

COMMUNITY ACTION PROGRAM BELKNAP – MERRIMACK COUNTIES, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023**

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Community Action Program Belknap – Merrimack Counties, Inc. (the Organization) is a New Hampshire nonprofit organization that serves nutritional, health, living and support needs of the low income and elderly clients in the two county service areas, as well as state wide. These services are provided with the financial support of various federal, state, county and local organizations.

Principles of Consolidation

The consolidated financial statements include the accounts of Community Action Program Belknap-Merrimack Counties, Inc., and the following entities as Community Action Program Belknap-Merrimack Counties, Inc. has both an economic interest and control of the entities through a majority voting interest in their governing board. All significant intercompany items and transactions have been eliminated from basic consolidated financial statements.

- Sandy Ledge Limited Partnership
- CAP BMC Development Corporation

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America.

Basis of Presentation

The consolidated financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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

Net assets with donor restrictions include 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 Organization or by passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

COMMUNITY ACTION PROGRAM BELKNAP – MERRIMACK COUNTIES, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023**

Donor restricted contributions are reported as increases in net assets with donor restrictions. When restrictions expire, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

The Organization had net assets with donor restrictions of \$496,882 and \$661,958 at February 29, 2024 and February 28, 2023, respectively (See **Note 13**).

Income Taxes

Community Action Program of Belknap-Merrimack Counties, Inc. is organized as a nonprofit corporation and is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Internal Revenue Service has determined them to be other than a private foundation.

The Organization files information returns in the United States and the State of New Hampshire. The Organization is subject to examinations by tax authorities for three years.

CAP BMC Development Corporation (the Corporation) is taxed as a “C” Corporation under the Internal Revenue Code. The Corporation accounts for deferred income taxes under the asset and liability method in accordance with Accounting Standards Codification No. 740 (ASC 740), “*Accounting for Income Taxes*”. The objective of this method is to establish deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of the Company’s assets and liabilities at the enacted tax rate expected to be in effect when such amounts are realized or settled. ASC 740 also requires deferred tax assets and liabilities to be shown separately. There are no deferred tax assets or liabilities. The Corporation has no federal net operating loss carryforwards available at February 29, 2024 and February 28, 2023.

Sandy Ledge Limited Partnership is taxed as a partnership. Federal income taxes are not payable, or provided by the partnership. Earnings and losses are included in the partners’ federal income tax returns based on their share of partnership earnings. Partnerships are required to file income tax returns with the State of New Hampshire and pay an income tax at the state’s statutory rate.

Accounting Standard Codification No. 740 (ASC 740), *Accounting for Income Taxes*, established the minimum threshold for recognizing, and a system for measuring, the benefits of tax return positions in consolidated financial statements. The Organization has analyzed its tax position taken on its income tax returns for the past three years, and has concluded that no additional provision for income taxes is necessary in the Organization’s consolidated financial statements.

COMMUNITY ACTION PROGRAM BELKNAP – MERRIMACK COUNTIES, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023**

Property

Property and equipment is recorded at cost or, if donated, at the approximate fair value at the date of the donation. Assets purchased with a useful life in excess of one year and exceeding \$5,000 are capitalized unless a lower threshold is required by certain funding sources. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets as follows:

Buildings and improvements	40 years
Equipment, furniture and vehicles	3 - 10 years

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Organization considers all liquid investments purchased with original maturities of three months or less to be cash equivalents.

The Organization maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk with respect to these accounts.

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 Organization 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 consolidated financial statements since the recognition criteria under FASB ASC No. 958 were not met.

COMMUNITY ACTION PROGRAM BELKNAP – MERRIMACK COUNTIES, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023**

In-Kind Donations / Noncash Transactions

Donated facilities, services and supplies are reflected as revenue and expense in the accompanying consolidated financial statements, if the criteria for recognition is met. This represents the estimated fair value for the service, supplies and space that the Organization might incur under normal operating activities. The Organization received \$525,485 and \$401,748 in donated facilities, services and supplies for the years ended February 29, 2024 and February 28, 2023, respectively (See **Note 16**).

Advertising

The Organization expenses advertising costs as they are incurred. Total advertising costs for the years ended February 29, 2024 and February 28, 2023 totaled \$149,439 and \$133,749, respectively.

Inventory

Inventory consists of weatherization supplies and work in process and is valued at the lower of cost or net realizable value, using the first-in, first-out method.

Revenue Recognition

Amounts received from conditional grants and contracts for specific purposes are generally recognized as income to the extent that related expenses and conditions are incurred or met. Conditional grants received prior to the conditions being met are reported as refundable advances. Contributions of cash and other assets are reported as with donor restrictions if they are received with donor imposed stipulations that limit the use of the donated assets. However, if a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support as without donor restrictions.

Rental Revenue

The Organization derives revenues from the rental of apartment units. Revenues are recognized as income, monthly, when rents become due, and control of the apartment units is transferred to the lessees. The individual leases are for a term of one year and are cancelable by the tenants. Control of the leased units is transferred to the lessee in an amount that reflects the consideration the Partnership expects to be entitled to in exchange for the leased units. The cost incurred to obtain the lease will be expensed as incurred.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been presented in the Consolidated Statements of Functional Expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Expenses are charged to each program based on the direct expenses incurred or estimated usage based on time spent on each program by staff.

<u>Expense</u>	<u>Method of allocation</u>
Wages and benefits	Time and effort
Depreciation	Actual assets used by program
All other expenses	Direct assignment

COMMUNITY ACTION PROGRAM BELKNAP – MERRIMACK COUNTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023

New Accounting Pronouncement

During the year ended February 29, 2024, the Organization adopted FASB ASU 2016-13, *Financial Instruments–Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Organization’s financial statements.

2. ACCOUNTS RECEIVABLE AND ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. The Organization uses historical loss information as the basis to determine expected credit losses for receivables and believes the composition of receivables at year end is consistent with historical conditions. 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 February 29, 2024 and February 28, 2023. The Organization has no policy for charging interest on overdue accounts.

3. REFUNDABLE ADVANCES

Grants received in advance are recorded as refundable advances and recognized as revenue in the period in which the related services or expenditures are performed or incurred. Funds received in advance of grantor conditions being met aggregated \$704,973 and \$1,817,340 as of February 29, 2024 and February 28, 2023, respectively.

4. LIQUIDITY AND AVAILABILITY

The following represents the Organization’s financial assets as of February 29, 2024 and February 28, 2023:

	<u>2024</u>	<u>2023</u>
Financial assets at year end:		
Cash	\$ 786,672	\$ 1,711,575
Accounts receivable	3,691,075	6,027,912
Investments	151,171	128,956
Cash reserves	140,167	74,847
Cash escrow	<u>3,124</u>	<u>2,481</u>
Total financial assets	<u>4,772,209</u>	<u>7,945,771</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	496,882	661,958
Reserve funds	<u>140,167</u>	<u>74,847</u>
Amounts not available within one year	<u>637,049</u>	<u>736,805</u>

COMMUNITY ACTION PROGRAM BELKNAP – MERRIMACK COUNTIES, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023**

Financial assets available to meet general expenditures over the next twelve months \$ 4,135,160 \$ 7,208,966

It is the Organization’s goal to maintain financial assets to meet 60 days of operating expenses which approximates \$5,370,000 and \$10,200,000, at February 29, 2024 and February 28, 2023, respectively. The Organization has lines of credit with a combined \$99,917 and \$700,000, available to borrow on at February 29, 2024 and February 28, 2023, respectively.

5. RETIREMENT PLAN

The Organization has a qualified contributory pension plan which covers substantially all employees. The cost of the plan is charged to programs administered by the Organization. The expense of the plan for the year ended February 29, 2024 and February 28, 2023 totaled \$212,693 and \$209,878, respectively.

6. LEASED FACILITIES

The right of use (ROU) asset represents the Organization’s right to use underlying assets for the lease term, and the lease liability represents the Organization’s obligation to make lease payments arising from these leases. The ROU asset and lease liability, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Organization has elected to discount future cash flows at the risk free borrowing rates commensurate with the lease terms, which was 1.8%. Common expenses, classified as occupancy costs in the accompanying financial statements, are considered a non-lease component under FASB ASC 842 and are recognized as costs are incurred. The Organization’s operating leases are described below.

The weighted average lease term at February 29, 2024 is 7.82 years. The weighted average discount rate at February 29, 2024 is 1.80%.

Facilities occupied by the Organization for its community service programs are leased under various operating leases. The lease terms range from month to month to ten years. For the year ended February 29, 2024 and February 28, 2023, the annual lease expense for the leased facilities was \$637,428 and \$586,539, respectively.

COMMUNITY ACTION PROGRAM BELKNAP – MERRIMACK COUNTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023

The approximate future minimum lease payments as of February 29, 2024 on the above leases are as follows:

<u>Year Ended</u>	<u>Amount</u>
2025	\$ 329,677
2026	129,652
2027	111,327
2028	95,857
2029	95,857
Thereafter	<u>466,548</u>
	1,228,918
Less imputed interest	<u>92,104</u>
Total	<u>\$ 1,136,814</u>

7. ACCRUED EARNED TIME

The Organization has accrued a liability for future annual leave time that its employees have earned and vested with the employees in the amount of \$701,231 and \$691,684 at February 29, 2024 and February 28, 2023, respectively. The policy allows for a maximum of 50 days to be carried over to the next fiscal year, however, upon termination only two weeks will be paid out. The two week liability is \$304,049 and \$285,599 at February 29, 2024 and February 28, 2023, respectively.

8. BANK LINE OF CREDIT

The Organization has a \$200,000 revolving line of credit agreement (the line) with a bank that is due on demand. The line calls for monthly variable interest payments based on the Wall Street Journal Prime Rate (8.50% and 7.75% at February 29, 2024 and February 28, 2023, respectively) plus 1%, but not less than 6% per annum. The line is secured by all the Organization's assets. There was a balance of \$101,500 outstanding at February 29, 2024. There was no balance outstanding at February 28, 2023.

The Organization has a \$500,000 revolving line of credit agreement (the line) with a bank that is due on demand. The line calls for monthly variable interest payments based on the Wall Street Journal Prime Rate (8.50% and 7.75% at February 29, 2024 and February 28, 2023, respectively). The line is secured by all the Organization's assets. There was a balance of \$498,583 outstanding at February 29, 2024. There was no balance outstanding at February 28, 2023.

Subsequent to year end, the \$200,000 line increased to \$500,000.

COMMUNITY ACTION PROGRAM BELKNAP – MERRIMACK COUNTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023

9. CONCENTRATION OF RISK

For the year ended February 29, 2024, approximately \$15,400,000 (46%), and \$7,000,000 (21%), of the Organization's total revenue was received from the Department of Health and Human Services and the Department of Agriculture. For the year ended February 28, 2023, \$18,300,000 (29%), and \$32,000,000 (51%), of the Organization's total revenue was received from the Department of Health and Human Services and the Department of Treasury, respectively. The future scale and nature of the Organization is dependent upon continued support from these departments.

10. LONG TERM DEBT

Long term debt consisted of the following as of February 29, 2024 and February 28, 2023:

	<u>2024</u>	<u>2023</u>
5.50% note payable to a financial institution in monthly installments for principal and interest of \$1,634 through July 2039. The note is secured by property of the Organization.	\$ 202,481	\$ 210,560
5.75% note payable to a financial institution in monthly installments for principal and interest of \$13,912. The note was paid in full during the year ended February 29, 2024.	-	71,040
3.00% note payable to the City of Concord for leasehold improvements in monthly installments for principal and interest of \$747 through May 2027. The note is secured by property of the Organization for the agency administrative building renovations.	27,164	35,179
7.00% note payable to a bank in monthly installments for principal and interest of \$4,842 through May 2023. The note is secured by a first real estate mortgage and assignment of rents and leases on property located in Concord, New Hampshire for Early Head Start.	5,016	65,076
1.00% Paycheck Protection Program loan payable to a bank in monthly installments for principal and interest of \$7,511 through April 2025.	106,604	187,615

COMMUNITY ACTION PROGRAM BELKNAP – MERRIMACK COUNTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023

Non-interest bearing note payable by Sandy Ledge Limited Partnership to New Hampshire Housing deferred until June 1, 2034 or until the project is sold or refinanced or surplus cash is available. The note is collateralized by a mortgage on real estate.	<u>340,042</u>	<u>341,922</u>
Total long-term debt before unamortized deferred financing cost	681,307	911,392
Unamortized deferred financing costs	<u>(4,836)</u>	<u>(5,320)</u>
	676,471	906,072
Less amounts due within one year	<u>111,255</u>	<u>237,926</u>
Long term portion	<u>\$ 565,216</u>	<u>\$ 668,146</u>

The scheduled maturities of long-term debt as of February 29, 2024 were as follows:

<u>Year Ending</u>	<u>Amount</u>
2025	\$ 111,255
2026	27,000
2027	18,294
2028	11,767
2029	10,640
Thereafter	<u>502,351</u>
	<u>\$ 681,307</u>

11. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of February 29, 2024 and February 28, 2023:

	<u>2024</u>	<u>2023</u>
Land	\$ 279,340	\$ 279,340
Building and improvements	7,437,883	7,347,874
Equipment and vehicles	4,623,986	4,762,497
Construction in process	<u>-</u>	<u>132,920</u>
	12,341,209	12,522,631
Less accumulated depreciation	<u>6,053,895</u>	<u>6,165,156</u>
Property and equipment, net	<u>\$ 6,287,314</u>	<u>\$ 6,357,475</u>

COMMUNITY ACTION PROGRAM BELKNAP – MERRIMACK COUNTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023

Depreciation expense for the years ended February 29, 2024 and February 28, 2023 totaled \$569,334 and \$597,185, respectively.

12. CONTINGENCIES

The Organization receives grant funding from various sources. Under the terms of these agreements, the Organization 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 Organization 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 February 29, 2024.

13. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following specific program services as of February 29, 2024 and February 28, 2023:

	<u>2024</u>	<u>2023</u>
NH Food Pantry Coalition	\$ 663	\$ 663
Senior center	138,549	142,251
Elder services	10,715	143,046
Mary Gale	-	38,130
Summer feeding	14,488	20,503
Caring fund	8,793	8,793
Agency – FAP	50,550	60,913
Agency Head Start	153,780	177,872
Agency – FP/PN	69,329	69,329
Fundraising	46,999	-
Other programs and fundraising	<u>3,016</u>	<u>458</u>
Total net assets with donor restrictions	<u>\$ 496,882</u>	<u>\$ 661,958</u>

COMMUNITY ACTION PROGRAM BELKNAP – MERRIMACK COUNTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023

14. RELATED PARTY TRANSACTIONS

The Organization serves as the management agent for the following organizations:

<u>Related Party</u>	<u>Function</u>
Belmont Elderly Housing, Inc.	HUD Property
Epsom Elderly Housing, Inc.	HUD Property
Alton Housing for the Elderly, Inc.	HUD Property
Pembroke Housing for the Elderly, Inc.	HUD Property
Newbury Elderly Housing, Inc.	HUD Property
Kearsarge Elderly Housing, Inc.	HUD Property
Riverside Housing Corporation	HUD Property
Twin Rivers Community Corporation	Property Development
TRCC Housing Limited Partnership I	Low Income Housing Tax Credit Property

The services performed by the Organization included, marketing, accounting, tenant selection (for the HUD properties), HUD compliance (for the HUD properties), and maintenance of property.

The amount due from the related parties for operating activities (collectively) at February 29, 2024 and February 28, 2023 was \$335,878 and \$268,293, respectively, and is included in accounts receivables.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

Community Action Program Belknap-Merrimack Counties, Inc. has also invested money relating to its Fix-it program in certain mutual funds. The fair value of the mutual funds totaled \$151,171 and \$128,956 at February 29, 2024 and February 28, 2023, respectively.

ASC Topic No. 825-10, Financial Instruments, provides a definition of fair value which focuses on an exit price rather than an entry price, establishes a framework in generally accepted accounting principles for measuring fair value which emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and requires expanded disclosures about fair value measurements. In accordance with FASB ASC 820, the Organization may use valuation techniques consistent with market, income and cost approaches to measure fair value. As a basis for considering market participant assumptions in fair value measurements, FASB ASC 820 establishes a fair value hierarchy, which prioritizes the inputs used in measuring fair values. The hierarchy gives the highest priority to Level 1 measurements and the lowest priority to Level 3 measurements. The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

COMMUNITY ACTION PROGRAM BELKNAP – MERRIMACK COUNTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023

Level 1 - Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date.

Level 2 - Inputs to the valuation methodology are other than quoted market prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies.

Level 3 - Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk

At February 29, 2024 and February 28, 2023, the Organization's investments were classified as Level 1 and were based on fair value.

Fair Value Measurements using Significant Observable Inputs (Level 1)

	<u>2024</u>	<u>2023</u>
Beginning balance – mutual funds	\$ 128,956	\$ 138,793
Total gains – mutual funds	<u>22,215</u>	<u>(9,837)</u>
Ending balance – mutual funds	<u>\$ 151,171</u>	<u>\$ 128,956</u>

The carrying amount of cash, current assets, other assets and current liabilities, approximates fair value because of the short maturity of those instruments.

16. IN-KIND CONTRIBUTIONS/SERVICES

The Organization records the value of in-kind contributions according to the accounting policies described in **Note 1**.

The fair value of gifts in kind included contributions in the financial statements and the corresponding program expenses for the year ended February 29, 2024 and February 28, 2023, is as follows:

	<u>2024</u>	<u>2023</u>
Volunteer hours		
Head Start and Early Head Start	\$ 263,727	\$ 117,171
SCSEP	13,852	88,700
Rental space	173,339	146,026
Advertising	63,050	15,960
Donated goods	<u>11,517</u>	<u>33,891</u>
Total	<u>\$ 525,485</u>	<u>\$ 401,748</u>

COMMUNITY ACTION PROGRAM BELKNAP – MERRIMACK COUNTIES, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023**

17. MANAGEMENT DISCUSSION OF FINANCIAL RESULTS:

The Organization experienced a decrease in several financial indicators during the year ended February 28, 2024. These included but are not limited to a decrease in cash, loss from operations and cash used in operating activities.

Management has been actively working on improving the financial position of the Organization. Management has reduced indirect staff positions, reduced vacancies in the housing entities, reduced square footage of rental space and is meeting monthly to review budgets and cut costs.

Management is confident that their efforts will improve the financial position over the next year.

18. RECLASSIFICATION

Certain amounts and accounts from the prior year financial statements have been reclassified to enhance the comparability with the presentation of the current year.

19. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 14, 2024, the date the consolidated financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

(See Independent Auditors' Report)

COMMUNITY ACTION PROGRAM BELKNAP - MERRIMACK COUNTIES, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL
FOR THE YEAR ENDED FEBRUARY 29, 2024**

FEDERAL GRANTOR/ PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS THROUGH GRANTOR'S NAME	IDENTIFYING NUMBER	FEDERAL EXPENDITURES	PASSED THROUGH TO SUB-RECIPIENTS
<u>US DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
HEAD START CLUSTER					
Head Start	93.600		01CH011357	\$ 4,994,633	
ARPA - Head Start	93.600		01HET000622	2,400	
			CLUSTER TOTAL	<u>4,997,033</u>	
Low Income Home Energy Assistance Program	93.568	State of New Hampshire	02-52-52-520510-33540000	6,320,338	
Low Income Home Energy Assistance Program-BWP	93.568	State of New Hampshire	02-52-52-520510-33540000	445,996	
			TOTAL	<u>6,766,334</u>	
Low Income Water Assistance Program	93.499	State of New Hampshire	02-52-52-24520000	114,491	
Community Services Block Grant	93.569	State of New Hampshire	2301NHCOSR	389,429	
CV-Community Services Block Grant	93.569	State of New Hampshire	2001NHCSC3	444,187	
			TOTAL	<u>833,616</u>	
Social Services Block Grant-Home Delivered & Congregate Meals	93.667	State of New Hampshire	2101NHSOSR	241,305	
AGING CLUSTER					
Title III, Part B-Senior Transportation	93.044	State of New Hampshire	17AANHT3SS	161,319	
Title III, Part C-Congregate	93.045	State of New Hampshire	2201NH0ACM	157,744	
Title III, Part C-Home Delivered Meals	93.045	State of New Hampshire	2201NH0AHD	402,901	
ARPA - Title III, Part C-Home Delivered	93.045	State of New Hampshire	2101NHHDC6	145,855	
ARPA - Title III, Part C-Congregate	93.045	State of New Hampshire	2101NHCMC6	105,163	
ARPA - Title III, Part C-Home Delivered	93.045	State of New Hampshire	2101NHHDC6	132,177	
ARPA - Title III, Part C-Congregate	93.045	State of New Hampshire	2101NHCMC6	84,728	
NSIP	93.053	State of New Hampshire	1056477	171,684	
			CLUSTER TOTAL	<u>1,361,571</u>	
CHILD CARE AND DEVELOPMENT FUND CLUSTER					
Child Care & Development Block Grant	93.575	State of New Hampshire	NONE PROVIDED	409,194	
Child Care Mandatory & Matching Funds of the CCDF	93.596	State of New Hampshire	NONE PROVIDED	58,045	
			CLUSTER TOTAL	<u>467,239</u>	
MEDICAID CLUSTER					
Medical Assistance Program	93.778	State of New Hampshire	90NWP0008-01-00	251,423	
Medical Assistance Program - Veterans	93.778	Gateways Community Services	NONE	66,041	
			CLUSTER TOTAL	<u>317,464</u>	
STLT Health Department Response to Public Health or Healthcare Crises	93.391	State of New Hampshire	05-95-90-901010-5771	43,242	
Family Planning - Services	93.217	State of New Hampshire	FPHPA006511	88,795	
Maternal, Infant, & Early Childhood Home Visiting Program	93.870	State of New Hampshire	X10MC33595	16,171	
National Family Caregiver Support, Title III, Part E-Service Link	93.052	State of New Hampshire	90SA0003-02-00	88,630	
Special Programs for Aging, Title IV-Service Link	93.048	State of New Hampshire	90MP0176-03	29,499	
State Health Insurance Assistance Program	93.324	State of New Hampshire	90SA0003-04	22,330	
Medicare Enrollment Assistance Program	93.071	State of New Hampshire	2001NHMIDR	15,686	
			HHS TOTAL	\$ <u>15,403,406</u>	
<u>US DEPARTMENT OF AGRICULTURE</u>					
Special Suppl. Nutrition Program for Women, Infants & Children	10.557	State of New Hampshire	234NH703W1003 & 5003	\$ 756,290	
Senior Farmers Market	10.576	State of New Hampshire	194NH083Y8314	58,088	
Child & Adult Care Food Program	10.558	State of New Hampshire	NONE PROVIDED	162,885	

See Notes to Schedule of Expenditures of Federal Awards

COMMUNITY ACTION PROGRAM BELKNAP - MERRIMACK COUNTIES, INC.

Continued

**SCHEDULE OF EXPENDITURES OF FEDERAL
FOR THE YEAR ENDED FEBRUARY 29, 2024**

<u>FEDERAL GRANTOR/ PROGRAM TITLE</u>	<u>ASSISTANCE LISTING NUMBER</u>	<u>PASS THROUGH GRANTOR'S NAME</u>	<u>IDENTIFYING NUMBER</u>	<u>FEDERAL EXPENDITURES</u>	<u>PASSED THROUGH TO SUB-RECIPIENTS</u>
CHILD NUTRITION CLUSTER					
Summer Food Service Program For Children	10.559	State of New Hampshire	NONE PROVIDED	152,439	
FOOD DISTRIBUTION CLUSTER					
Commodity Supplemental Food Program	10.565	State of New Hampshire	204NH814Y8005	235,997	30,189
Commodity Supplemental Food Program	10.565	State of New Hampshire	204NH814Y8005	463,254	463,254
Emergency Food Assistance Program-Administration	10.568	State of New Hampshire	01-14-14-141710-51310000	558,115	40,138
Emergency Food Assistance Program	10.569	State of New Hampshire	01-14-14-141710-51310000	4,706,805	4,706,805
			CLUSTER TOTAL	5,964,171	\$ 5,240,386
			USDA TOTAL	\$ 7,093,873	\$ 5,240,386
<u>CORPORATION FOR NATIONAL & COMMUNITY SERVICES</u>					
FOSTER GRANDPARENTS/SENIOR COMPANION CLUSTER					
Senior Companion Program	94.016		23SC254551	\$ 396,534	
			CNCS TOTAL	\$ 396,534	
<u>US DEPARTMENT OF TRANSPORTATION</u>					
Formula Grants for Rural Areas-Concord Transit	20.509	State of New Hampshire-Department of Transportation	NH-2021-017	\$ 677,738	
TRANSIT SERVICES PROGRAMS CLUSTER					
Enhanced Mobility of Seniors & Ind. W/Disabilities-CAT	20.513	State of New Hampshire-Department of Transportation	NH-2021-016-01	131,945	
Enhanced Mobility of Seniors & Ind. W/Disabilities-Mid State Transportation	20.513	State of New Hampshire-Department of Transportation	NH-2021-016-01	73,736	
Enhanced Mobility of Seniors & Ind. W/Disabilities-Volunteer Drivers	20.513	State of New Hampshire-Department of Transportation	NH-2021-016-01	102,235	
			CLUSTER TOTAL	307,916	
			DOT TOTAL	\$ 985,654	
<u>US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>					
Emergency Solutions Grant	14.231	State of New Hampshire	E21-DC-33-0001	\$ 78,216	
Emergency Solutions Grant	14.231	State of New Hampshire	E20DW330001	6,058	
CV-Emergency Solutions Grant	14.231	State of New Hampshire	ERAE0119	356,958	
			TOTAL	441,232	
Supportive Housing	14.235	State of New Hampshire	05-95-42-423010-79270000	171,771	
Continuum of Care Program	14.267	State of New Hampshire	NH0152R1T002200	205,325	
			HUD TOTAL	\$ 818,328	
<u>US DEPARTMENT OF ENERGY</u>					
BIL-Weatherization Assistance for Low Income Persons	81.042	State of New Hampshire	02-52-52-520010-xxxx0000-074-500587	\$ 505,322	
Weatherization Assistance for Low Income Persons	81.042	State of New Hampshire	02-52-52-520010-33560000-074-500587	268,411	
			DOE TOTAL	\$ 773,733	
<u>US DEPARTMENT OF LABOR</u>					
Senior Community Service Employment Program	17.235	State of New Hampshire	1044701	\$ 105,702	
			DOL TOTAL	\$ 105,702	
<u>U.S. DEPARTMENT OF THE TREASURY</u>					
Coronavirus State and Local Fiscal Recovery Funds	21.027	Merrimack Couty	2022SSAPRA032	\$ 78,234	
Emergency Rental Assistance Program	21.023	NH Housing	ERA0012 and ERA0435	443,835	
Emergency Rental Assistance Program	21.023	NH Housing	ERAP 2	2,710,898	
				3,154,733	
			US TREASURY TOTAL	\$ 3,232,967	
			TOTAL	\$ 28,810,197	\$ 5,240,386

See Notes to the Schedule of Expenditures of Federal Awards

COMMUNITY ACTION PROGRAM BELKNAP-MERRIMACK COUNTIES, INC.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED FEBRUARY 29, 2024**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Community Action Program Belknap-Merrimack Counties, Inc. under programs of the federal government for the year ended February 29, 2024. 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 Program Belknap-Merrimack Counties, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

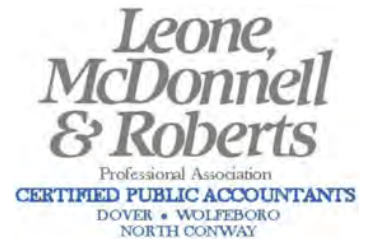
Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COST RATE

Community Action Program Belknap-Merrimack Counties, Inc. has elected to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 FOOD COMMODITIES AND VEHICLES

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



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
Community Action Program Belknap-Merrimack Counties, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Action Program Belknap-Merrimack Counties, Inc. (a nonprofit organization), which comprise the statement of financial position as of February 29, 2024, 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 November 14, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Action Program Belknap-Merrimack Counties, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Action Program Belknap-Merrimack Counties, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Community Action Program Belknap-Merrimack Counties, Inc.'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Action Program Belknap-Merrimack Counties, Inc.'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 the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

*Leone McDonnell & Roberts
Professional Association*

Dover, New Hampshire
November 14, 2024

**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
Community Action Program Belknap-Merrimack Counties, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Community Action Program Belknap-Merrimack Counties, Inc.'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 Program Belknap-Merrimack Counties, Inc.'s major federal programs for the year ended February 29, 2024. Community Action Program Belknap-Merrimack Counties, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Community Action Program Belknap-Merrimack Counties, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended February 29, 2024.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Community Action Program Belknap-Merrimack Counties, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Community Action Program Belknap-Merrimack Counties, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Community Action Program Belknap-Merrimack Counties, Inc.'s federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Community Action Program Belknap-Merrimack Counties, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Community Action Program Belknap-Merrimack Counties, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Community Action Program Belknap-Merrimack Counties, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Community Action Program Belknap-Merrimack Counties, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Community Action Program Belknap-Merrimack Counties, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*Leone McDonnell & Roberts
Professional Association*

Dover, New Hampshire
November 14, 2024

COMMUNITY ACTION PROGRAM BELKNAP-MERRIMACK COUNTIES, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED FEBRUARY 28, 2024**

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Community Action Program Belknap-Merrimack Counties, Inc. were prepared in accordance with generally accepted accounting principles.
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 Program Belknap-Merrimack Counties, Inc., 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 Program Belknap-Merrimack Counties, Inc. expresses an unmodified opinion on all major programs.
6. There were no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major programs include: U.S. Department of the Treasury, Emergency Rental Assistance Program, ALN 21.023, U.S. Department of Health and Human Services, Low Income Home Energy Assistance Program, ALN 93.568, U.S. Department of Agriculture, Food Distribution Cluster, ALN 10.565, 10.568, 10.569, U.S. Department of Energy, Weatherization Assistance for Low Income Persons, ALN 81.042.
8. The threshold for distinguishing Type A and B programs was \$864,306.
9. Community Action Program Belknap-Merrimack Counties, Inc. was determined to be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS AUDIT

None