

**COMMUNITY ACTION PROGRAM
BELKNAP - MERRIMACK COUNTIES, INC.**

**FOR THE YEARS ENDED FEBRUARY 28, 2023 AND 2022
AND
INDEPENDENT AUDITORS' REPORT AND
REPORTS ON COMPLIANCE AND INTERNAL CONTROL**

COMMUNITY ACTION PROGRAM BELKNAP – MERRIMACK COUNTIES, INC.

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2023 AND 2022**

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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 28, 2023 and 2022, 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 28, 2023 and 2022, 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 September 14, 2023, 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
September 14, 2023

COMMUNITY ACTION PROGRAM BELKNAP - MERRIMACK COUNTIES, INC.

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
FEBRUARY 28, 2023 AND 2022**

	<u>ASSETS</u>	
	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash	\$ 1,711,575	\$ 1,384,485
Accounts receivable	6,027,912	5,244,621
Inventory	81,569	271,926
Prepaid expenses	100,225	33,928
Investments	<u>128,956</u>	<u>138,793</u>
Total current assets	<u>8,050,237</u>	<u>7,073,753</u>
PROPERTY		
Land, buildings and improvements	7,627,214	7,368,799
Equipment, furniture and vehicles	4,762,497	6,335,485
Construction in process	<u>132,920</u>	<u>41,401</u>
Total property	12,522,631	13,745,685
Less accumulated depreciation	<u>6,165,156</u>	<u>7,528,363</u>
Property, net	<u>6,357,475</u>	<u>6,217,322</u>
OTHER ASSETS		
Right of use asset	1,387,327	-
Cash escrow and reserve funds	77,328	89,468
Tenant security deposits	8,247	9,120
Due from related party	<u>61,348</u>	<u>65,488</u>
Total other assets	<u>1,534,250</u>	<u>164,076</u>
TOTAL ASSETS	<u>\$ 15,941,962</u>	<u>\$ 13,455,151</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Current portion of notes payable	\$ 237,926	\$ 314,265
Current portion of right of use liability	461,162	-
Line of credit	-	154,350
Accounts payable	4,550,252	3,635,655
Accrued expenses	1,177,337	1,086,207
Refundable advances	<u>1,817,340</u>	<u>1,537,802</u>
Total current liabilities	<u>8,244,017</u>	<u>6,728,279</u>
LONG TERM LIABILITIES		
Notes payable, less current portion shown above	668,146	900,489
Right of use liability, less current portion shown above	926,165	-
Tenant security deposits	<u>8,221</u>	<u>9,120</u>
Total liabilities	<u>9,846,549</u>	<u>7,637,888</u>
NET ASSETS		
Without donor restrictions	5,530,452	5,179,734
With donor restrictions	<u>564,961</u>	<u>637,529</u>
Total net assets	<u>6,095,413</u>	<u>5,817,263</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,941,962</u>	<u>\$ 13,455,151</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>5,179,734</u>	<u>637,529</u>	<u>5,817,263</u>
NET ASSETS, END OF YEAR	<u>\$ 5,530,452</u>	<u>\$ 564,961</u>	<u>\$ 6,095,413</u>

See Notes to Consolidated Financial Statements

COMMUNITY ACTION PROGRAM BELKNAP - MERRIMACK COUNTIES, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED FEBRUARY 28, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Grant awards	\$ 36,482,087	\$ -	\$ 36,482,087
Rental Income	135,298	-	135,298
Other funds	2,526,432	2,650,984	5,177,416
Paycheck Protection Program Loan Forgiveness	1,615,427		1,615,427
In-kind	592,136	-	592,136
United Way	2,123	-	2,123
Interest Income	74	-	74
Realized gain on sale of equipment	7,200	-	7,200
	<u>41,360,777</u>	<u>2,650,984</u>	<u>44,011,761</u>
Total revenues and other support			
	41,360,777	2,650,984	44,011,761
NET ASSETS RELEASED FROM RESTRICTIONS	<u>3,062,287</u>	<u>(3,062,287)</u>	<u>-</u>
Total	<u>44,423,064</u>	<u>(411,303)</u>	<u>44,011,761</u>
EXPENSES			
Program	40,084,851	-	40,084,851
Management	1,917,438	-	1,917,438
	<u>42,002,289</u>	<u>-</u>	<u>42,002,289</u>
Total expenses			
	42,002,289	-	42,002,289
CHANGE IN NET ASSETS	2,420,775	(411,303)	2,009,472
NET ASSETS, BEGINNING OF YEAR	<u>2,758,959</u>	<u>1,048,832</u>	<u>3,807,791</u>
NET ASSETS, END OF YEAR	<u>\$ 5,179,734</u>	<u>\$ 637,529</u>	<u>\$ 5,817,263</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	\$ 61,101,300	\$ 1,988,237	\$ 63,089,537

See Notes to Consolidated Financial Statements

COMMUNITY ACTION PROGRAM BELKNAP - MERRIMACK COUNTIES, INC.

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED FEBRUARY 28, 2022**

	<u>Program</u>	<u>Management</u>	<u>Total</u>
Salaries and wages	\$ 7,961,177	\$ 1,180,579	\$ 9,141,756
Payroll taxes and benefits	2,296,690	228,375	2,525,065
Travel	194,343	9,648	203,991
Occupancy	1,267,982	114,418	1,382,400
Program services	25,639,659	-	25,639,659
Other costs:			
Accounting fees	-	74,855	74,855
Legal fees	15,361	152	15,513
Supplies	159,844	44,534	204,378
Postage and shipping	49,860	8,731	58,591
Equipment rental and maintenance	1,141	-	1,141
Printing and publications	28,133	27,696	55,829
Conferences, conventions and meetings	13,964	-	13,964
Interest	29,187	26,841	56,028
Insurance	124,730	43,856	168,586
Membership fees	16,276	-	16,276
Utility and maintenance	88,702	104,142	192,844
Computer services	111,990	-	111,990
Other	927,525	53,611	981,136
Depreciation	566,151	-	566,151
In-kind	592,136	-	592,136
	<u> </u>	<u> </u>	<u> </u>
Total functional expenses	\$ 40,084,851	\$ 1,917,438	\$ 42,002,289

See Notes to Consolidated Financial Statements

COMMUNITY ACTION PROGRAM BELKNAP - MERRIMACK COUNTIES, INC.

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED FEBRUARY 28, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 278,150	\$ 2,009,472
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	597,185	566,151
Paycheck Protection program loan forgiveness	-	(1,615,427)
Interest on deferred financing costs	483	483
Realized loss on disposal of equipment	36,538	(7,200)
Decrease (increase) in current assets:		
Accounts receivable	(783,291)	(1,481,812)
Inventory	190,357	(216,031)
Prepaid expenses	(66,297)	39,781
Due from related party	4,140	(65,488)
Tenant security deposits	873	(2,239)
Increase (decrease) in current liabilities:		
Accounts payable	914,597	2,109,823
Accrued expenses	91,130	297,256
Refundable advances	279,538	500,861
Tenant security deposits	(899)	2,239
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,542,504</u>	<u>2,137,869</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property	-	7,200
Additions to property	(773,876)	(1,141,101)
Investments	9,837	(10,797)
NET CASH USED IN INVESTING ACTIVITIES	<u>(764,039)</u>	<u>(1,144,698)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayments on line of credit	(154,350)	(225,678)
Repayment of long term debt	(309,165)	(258,743)
NET CASH USED IN FINANCING ACTIVITIES	<u>(463,515)</u>	<u>(484,421)</u>
NET INCREASE IN CASH AND RESTRICTED CASH	314,950	508,750
CASH AND RESTRICTED CASH BALANCE, BEGINNING OF YEAR	<u>1,473,953</u>	<u>965,203</u>
CASH AND RESTRICTED CASH BALANCE, END OF YEAR	<u>\$ 1,788,903</u>	<u>\$ 1,473,953</u>
CASH AND RESTRICTED CASH:		
Cash	\$ 1,711,575	\$ 1,384,485
Cash escrow and reserve funds	<u>77,328</u>	<u>89,468</u>
	<u>\$ 1,788,903</u>	<u>\$ 1,473,953</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ 43,040</u>	<u>\$ 56,028</u>

See Notes to Consolidated Financial Statements

COMMUNITY ACTION PROGRAM BELKNAP – MERRIMACK COUNTIES, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2023 AND 2022**

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 28, 2023 AND 2022**

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 \$564,961 and \$637,529 at February 28, 2023 and 2022, respectively. See **Note 14**.

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 28, 2023 and 2022.

Sandy Ledge Limited Partnership (the 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 28, 2023 AND 2022**

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 28, 2023 AND 2022**

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 \$401,748 and \$592,136 in donated facilities, services and supplies for the years ended February 28, 2023 and February 28, 2022, respectively (See **Note 17**).

Advertising

The Organization expenses advertising costs as they are incurred. Total advertising costs for the years ended February 28, 2023 and February 28, 2022 totaled \$133,749 and \$134,193, 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.

Program Service Revenue

Program service revenue is recognized as revenue when the services are performed.

Rental Revenue

Sandy Ledge (the Partnership) 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.

COMMUNITY ACTION PROGRAM BELKNAP – MERRIMACK COUNTIES, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2023 AND 2022**

<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

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The standard applies a right of use model that requires, all leases with a lease term of more than 12 months, to recognize an asset representing its right to use the underlying asset for the lease term and liability to make lease payments to be recorded. The Organization elected not to restate the comparative period. The Organization also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, (iii) initial direct costs for existing leases. The adoption of ASU 2016-02 resulted in the recognition of operating right of use assets of \$1,387,327 and operating right of use lease liabilities of \$1,387,327 as of March 1, 2022. Results for periods beginning prior to February 28, 2022 continue to be reported in accordance with the Organization's historical accounting treatment. The adoption of ASU 2016-02 did not have a material impact on the Organization's results of operations and cash flows.

In September 2020, the FASS issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not for-Profit Entities for Contributed Nonfinancial Assets*, intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. Examples of contributed nonfinancial assets include fixed assets such as land, buildings, and equipment; the use of fixed assets or utilities; materials and supplies, such as food or clothing; intangible assets; and recognized contributed services. The ASU requires a not for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires certain disclosures for each category of contributed nonfinancial assets recognized. The Agency adopted the provisions of ASU 2020-07 during 2022.

2. 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 February 28, 2023 and 2022. The Organization has no policy for charging interest on overdue accounts.

COMMUNITY ACTION PROGRAM BELKNAP – MERRIMACK COUNTIES, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2023 AND 2022**

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 \$1,817,340 and \$1,537,802 as of February 28, 2023 and 2022, respectively.

4. LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets as of February 28:

	<u>2023</u>	<u>2022</u>
Financial assets at year end:		
Cash and cash equivalents, undesignated	\$ 1,711,575	\$ 1,384,485
Accounts receivable	6,027,912	5,244,621
Investments	128,956	138,793
Cash reserves	74,847	81,143
Cash escrow	<u>2,481</u>	<u>8,325</u>
Total financial assets	<u>7,945,771</u>	<u>6,857,367</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	564,961	637,529
Reserve funds	<u>74,847</u>	<u>81,143</u>
Amounts not available within one year	<u>639,808</u>	<u>718,672</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 7,305,963</u>	<u>\$ 6,138,695</u>

It is the Organization's goal to maintain financial assets to meet 60 days of operating expenses which approximates \$10,200,000 and \$6,710,000, at February 28, 2023 and 2022, respectively. The Organization has a line of credit with \$700,000 and \$445,650, available to borrow on at February 28, 2023 and 2022, 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 28, 2023 and 2022 totaled \$209,878 and \$186,976, respectively.

COMMUNITY ACTION PROGRAM BELKNAP – MERRIMACK COUNTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2023 AND 2022

6. OPERATING LEASES

On January 1, 2022, the Organization was required to adopt ASU 2016-02, *Leases (Topic 842)*. As part of implementing ASU 2016-02, the Organization evaluated current contracts to determine which met the criteria of a lease. The right of use (ROU) assets represent the Organization's right to use underlying assets for the lease term, and the lease liabilities represent the Organization's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, 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% at March 1, 2022. 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.

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 twenty years. For the year ended February 28, 2023 and 2022, the annual lease expense for the leased facilities was \$586,539 and \$544,299, respectively.

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

<u>Year Ended</u> <u>February 28</u>	<u>Amount</u>
2024	\$ 488,157
2025	287,590
2026	92,911
2027	82,006
2028	77,500
Thereafter	<u>477,065</u>
	1,505,229
Less imputed interest	<u>117,902</u>
Total	<u><u>\$ 1,387,327</u></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 \$691,684 and \$660,158 at February 28, 2023 and 2022, respectively. The Organization amended the policy effective March 1, 2022, 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 \$285,599 at February 28, 2023.

COMMUNITY ACTION PROGRAM BELKNAP – MERRIMACK COUNTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2023 AND 2022

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 (7.75% and 3.25% at February 28, 2023 and 2022, respectively) plus 1%, but not less than 6% per annum. The line is secured by all the Organization's assets. There was no balance outstanding at February 28, 2023. There was a balance of \$154,350 outstanding at February 28, 2022.

The Organization had a revolving line of credit agreement (the line) in the amount of \$400,000, with a bank that is due on demand. The line called for monthly variable interest payments based on the LIBOR rate (2.41% at February 28, 2022). The line was secured by all the Organization's assets. There was no balance outstanding at February 28, 2022. The line was closed during the year ended February 28, 2023.

The Organization entered into an additional revolving line of credit agreement (the line) in the amount of \$500,000, with a bank that is due on June 2, 2023. The line calls for monthly variable interest payments based on the Wall Street Journal Prime Rate (7.75% at February 28, 2023). The line is secured by all the Organization's assets. There was no balance outstanding at February 28, 2023.

9. CONCENTRATION OF RISK

For the year ended February 28, 2023, approximately \$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. For the year ended February 28, 2022, \$13,200,000 (30%), and \$15,300,000 (35%), 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 28:

	<u>2023</u>	<u>2022</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.	\$ 210,560	\$ 218,228

COMMUNITY ACTION PROGRAM BELKNAP – MERRIMACK COUNTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
5.75% note payable to a financial institution in monthly installments for principal and interest of \$13,912 through July 2023. The note is secured by property of the Organization for Lakes Region Family Center.	71,040	219,279
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.	35,179	42,958
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.	65,076	116,572
1.00% Paycheck Protection Program loan payable to a bank in monthly installments for principal and interest of \$7,511 through April 2025. \$1,615,427 of the proceeds received was forgiven during the year ended February 28, 2022. (See Note 11).	187,615	280,439
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>341,922</u>	<u>343,081</u>
Total long-term debt before unamortized deferred financing cost	911,392	1,220,557
Unamortized deferred financing costs	<u>(5,320)</u>	<u>(5,803)</u>
	906,072	1,214,754
Less amounts due within one year	<u>(237,926)</u>	<u>(314,265)</u>
Long term portion	<u>\$ 668,146</u>	<u>\$ 900,489</u>

COMMUNITY ACTION PROGRAM BELKNAP – MERRIMACK COUNTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2023 AND 2022

The scheduled maturities of long-term debt as of February 28, 2023 were as follows:

<u>Year Ending</u> <u>February 28</u>	<u>Amount</u>
2024	\$ 237,926
2025	106,239
2026	27,053
2027	18,294
2028	11,783
Thereafter	<u>510,097</u>
	<u>\$ 911,392</u>

11. PAYCHECK PROTECTION PROGRAM

In April 2020, the Organization received loan proceeds in the amount of \$1,935,300 under the Paycheck Protection Program (“PPP”). The PPP, was established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”).

On September 14, 2021, the Organization received partial forgiveness in the amount of \$1,615,427. The forgiven proceeds are included in income for the year ended February 28, 2022. The remaining \$319,873 has been converted to a loan, due in 44 monthly payments of principal and interest at a rate of 1%. The loan will mature in April 2025. The outstanding balance on the PPP loan at February 28, 2023 is \$187,615. (See **Note 10**).

12. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of February 28:

	<u>2023</u>	<u>2022</u>
Land	\$ 279,340	\$ 279,340
Building and improvements	7,347,874	7,089,459
Equipment and vehicles	4,762,497	6,335,485
Construction in process	<u>132,920</u>	<u>41,401</u>
	12,522,631	13,745,685
Less accumulated depreciation	<u>6,165,156</u>	<u>7,528,363</u>
Property and equipment, net	<u>\$ 6,357,475</u>	<u>\$ 6,217,322</u>

Depreciation expense for the years ended February 28, 2023 and 2022 totaled \$597,185 and \$566,151, respectively.

COMMUNITY ACTION PROGRAM BELKNAP – MERRIMACK COUNTIES, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2023 AND 2022**

13. 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 28, 2023.

14. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following specific program services as of February 28:

	<u>2023</u>	<u>2022</u>
NH Food Pantry Coalition	\$ 663	\$ 663
Senior Center	142,251	143,437
Elder Services	7,317	68,427
Mary Gale	38,130	25,629
NH Rotary Food Challenge	-	5,064
Summer Feeding	20,503	47,540
Caring Fund	8,793	8,792
Agency – FAP	60,913	27,307
Agency Head Start	216,604	222,258
Agency – FP/PN	69,329	87,253
Community Crisis	-	350
Other Programs	<u>458</u>	<u>809</u>
Total net assets with donor restrictions	<u>\$ 564,961</u>	<u>\$ 637,529</u>

15. 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
Ozanam Place, Inc.	Transitional Support Services
TRCC Housing Limited Partnership	Low Income Housing Tax Credit Property

COMMUNITY ACTION PROGRAM BELKNAP – MERRIMACK COUNTIES, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2023 AND 2022**

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 28, 2023 and 2022 was \$268,293 and \$324,385, respectively, and is included in accounts receivables. Additional amounts due from related parties at February 28, 2023 and 2022 were \$61,348 and 65,488, respectively.

16. 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 \$128,956 and \$138,793 at February 28, 2023 and 2022, 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:

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 28, 2023 and 2022, the Organization's investments were classified as Level 1 and were based on fair value.

COMMUNITY ACTION PROGRAM BELKNAP – MERRIMACK COUNTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2023 AND 2022

Fair Value Measurements using Significant Observable Inputs (Level 1)

	<u>2023</u>	<u>2022</u>
Beginning balance – mutual funds	\$ 138,793	\$ 126,996
Total gains (losses) – mutual funds	<u>(9,837)</u>	<u>11,797</u>
Ending balance – mutual funds	<u>\$ 128,956</u>	<u>\$ 138,793</u>

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

17. 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 28, 2023, is as follows:

Volunteer hours	
Head Start and Early Head Start	\$ 117,171
SCSEP	88,700
Rental space	146,026
Advertising	15,960
Donated goods	<u>33,891</u>
Total	<u>\$ 401,748</u>

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 September 14, 2023, 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 AND NON-FEDERAL AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2023**

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		01CH2052-03-01	\$ 4,918,443	
CRSSA - Head Start	93.600		01HET000622	82,597	
ARPA - Head Start	93.600		1HE000387-01-01	347,070	
			CLUSTER TOTAL	5,348,110	
Low Income Home Energy Assistance Program	93.568	State of New Hampshire	02-52-52-520010-18870000	5,383,170	
ARPA-Low Income Home Energy Assistance Program	93.568	State of New Hampshire	02-52-52-520010-24490000	3,207,214	
Low Income Home Energy Assistance Program-BWP	93.568	State of New Hampshire	02-52-52-520010-35400000	177,356	
ARPA-Low Income Home Energy Assistance Program-BWP	93.568	State of New Hampshire	02-52-52-520010-24490000	437,212	
			TOTAL	9,204,952	
Low Income Water Assistance Program	93.499	State of New Hampshire	02-52-52-24520000	33,094	
Community Services Block Grant	93.569	State of New Hampshire	2001NHCS3	385,693	
CV-Community Services Block Grant	93.569	State of New Hampshire	2001NHCS3	183,017	
			TOTAL	568,710	
Social Services Block Grant-Home Delivered & Congregate Meals	93.667	State of New Hampshire	05-95-48-481010-9255	472,549	
Temporary Assistance for Needy Families-Family Planning	93.558	State of New Hampshire	2001NHTANF	249	
Temporary Assistance for Needy Families-Family Planning FPAR	93.558	State of New Hampshire	2001NHTANF	1,211	
			TOTAL	1,460	
AGING CLUSTER					
Title III, Part B-Senior Transportation	93.044	State of New Hampshire	17AANHT3SS	151,805	
Title III, Part C-Home Delivered Meals-HDC5	93.045	State of New Hampshire	2101NHCMC6	83,419	
Title III, Part C-Home Delivered Meals	93.045	State of New Hampshire	2101NHCMC6	754,967	
Title III, Part C-Congregate	93.045	State of New Hampshire	2101NHCMC6	143,218	
Title III, Part C-Grab and Go Meals	93.045	State of New Hampshire	2101NHCMC6	68,237	
NSIP	93.053	State of New Hampshire	1056477	187,306	
			CLUSTER TOTAL	1,388,952	
CHILD CARE AND DEVELOPMENT FUND CLUSTER					
Child Care & Development Block Grant	93.575	State of New Hampshire	NONE PROVIDED	247,101	
ARPA-Child Care & Development Block Grant	93.575	State of New Hampshire		161,232	
Child Care Mandatory & Matching Funds of the CCDF	93.596	State of New Hampshire	NONE PROVIDED	57,708	
			CLUSTER TOTAL	466,041	
MEDICAID CLUSTER					
Medical Assistance Program	93.778	State of New Hampshire	90NWPG0008-01-00	104,589	
Medical Assistance Program - Veterans	93.778	Gateways Community Services		14,256	
			CLUSTER TOTAL	118,845	
STLT Health Department Response to Public Health or Healthcare Crises	93.391	State of New Hampshire	NH70OT000031	398,344	
Family Planning - Services	93.217	State of New Hampshire	FPHPPA016063	43,577	
Maternal, Infant, & Early Childhood Home Visiting Program	93.870	State of New Hampshire	X10MC33595	145,733	
National Family Caregiver Support, Title III, Part E-Service Link	93.052	State of New Hampshire	2001NH0AFC-02	33,469	
Special Programs for Aging, Title IV-Service Link	93.048	State of New Hampshire	90MP024102	47,971	
State Health Insurance Assistance Program	93.324	State of New Hampshire	90SA0003-02-00	20,307	
Medicare Enrollment Assistance Program	93.071	State of New Hampshire	2001NHMISH-00	4,011	
			HHS TOTAL	\$ 18,296,125	
<u>US DEPARTMENT OF AGRICULTURE</u>					
Special Suppl. Nutrition Program for Women, Infants & Children	10.557	State of New Hampshire	15154NH703W1003 & 5003	\$ 724,991	
Senior Farmers Market	10.576	State of New Hampshire	194NH083Y8314	67,084	
Child & Adult Care Food Program	10.558	State of New Hampshire	NONE PROVIDED	143,641	
CHILD NUTRITION CLUSTER					
Summer Food Service Program For Children	10.559	State of New Hampshire	NONE PROVIDED	\$ 148,742	

<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>
FOOD DISTRIBUTION CLUSTER					
Commodity Supplemental Food Program	10.565	State of New Hampshire	204NH814Y8005	\$ 452,841	\$ 452,841
Commodity Supplemental Food Program	10.565	State of New Hampshire	204NH814Y8005	250,749	33,528
Emergency Food Assistance Program-Administration	10.568	State of New Hampshire	81750000	489,791	
Emergency Food Assistance Program	10.569	State of New Hampshire	81750000	5,851,018	5,851,018
			CLUSTER TOTAL	7,044,399	6,337,387
			USDA TOTAL	\$ 8,128,857	\$ 6,337,387
<u>CORPORATION FOR NATIONAL & COMMUNITY SERVICES</u>					
FOSTER GRANDPARENTS/SENIOR COMPANION CLUSTER					
Senior Companion Program	94.016		16SCANH001	\$ 322,224	
			CNCS TOTAL	\$ 322,224	
<u>US DEPARTMENT OF TRANSPORTATION</u>					
Formula Grants for Rural Areas-Concord Transit	20.509	State of New Hampshire-Department of Transportation	NH-18-X046	\$ 623,473	
TRANSIT SERVICES PROGRAMS CLUSTER					
Enhanced Mobility of Seniors & Ind. W/Disabilities-CAT	20.513	State of New Hampshire-Department of Transportation	NH-18-X043	82,428	
Enhanced Mobility of Seniors & Ind. W/Disabilities-Mid State Transportation	20.513	State of New Hampshire-Department of Transportation	NH-18-X043	28,781	
Enhanced Mobility of Seniors & Ind. W/Disabilities-Volunteer Drivers	20.513	Merrimack County	NH-65-X001	64,959	
			CLUSTER TOTAL	176,168	
			DOT TOTAL	\$ 799,641	
<u>US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>					
Emergency Solutions Grant	14.231	State of New Hampshire	05-95-42-423010-7927	\$ 105,939	
CV-Emergency Solutions Grant	14.231	State of New Hampshire	05-95-42-423010-7927	234,464	
			TOTAL	340,403	
Supportive Housing	14.235	State of New Hampshire	05-95-42-423010-7927-102-500731	56,055	
Continuum of Care Program	14.267	State of New Hampshire	05-95-42-423010-7927-102-500731	125,030	
			HUD TOTAL	\$ 521,488	
<u>US DEPARTMENT OF ENERGY</u>					
IIJA-Weatherization Assistance for Low Income Persons	81.042	State of New Hampshire	02-52-52-520010-xxxx0000-074-500587	\$ 35,982	
Weatherization Assistance for Low Income Persons	81.042	State of New Hampshire	02-52-52-520010-33560000-074-500587	288,813	
			DOE TOTAL	\$ 324,795	
<u>US DEPARTMENT OF LABOR</u>					
Senior Community Service Employment Program	17.235	State of New Hampshire	1044701	\$ 337,303	
			DOL TOTAL	\$ 337,303	
<u>U.S. DEPARTMENT OF THE TREASURY</u>					
Coronavirus State and Local Fiscal Recovery Funds	21.027	NH Housing	SLFRP0145	\$ 2,872,652	
Emergency Rental Assistance Program	21.023	Merrimack County	Cold Weather Funds	22,929	
Emergency Rental Assistance Program	21.023	NH Housing	ERA0012 and ERA0435	15,913,288	
Emergency Rental Assistance Program	21.023	NH Housing	ERA0012 and ERA0435	12,651,566	
Emergency Rental Assistance Program	21.023	NH Housing	ERAE0119	459,514	
Emergency Rental Assistance Program	21.023	NH Housing		14,848	
Emergency Rental Assistance Program	21.023	NH Housing	Housing Stability	79,565	
				\$ 29,141,710	
			US TREASURY TOTAL	\$ 32,014,362	
NON-FEDERAL			TOTAL	\$ 60,744,795	\$ 6,337,387
<u>NEW HAMPSHIRE PUBLIC UTILITIES COMPANY</u>					
Electrical Assistance Program				\$ 1,983,649	\$ 1,729,270

COMMUNITY ACTION PROGRAM BELKNAP-MERRIMACK COUNTIES, INC.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2023**

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 28, 2023. 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 28, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 14, 2023.

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
September 14, 2023

**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 28, 2023. 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 28, 2023.

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 McDermott & Roberts
Professional Association

Dover, New Hampshire
September 14, 2023

COMMUNITY ACTION PROGRAM BELKNAP-MERRIMACK COUNTIES, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED FEBRUARY 28, 2023**

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, Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027, U.S. Department of Agriculture, Women, Infants and Children, ALN 10.557, U.S. Department of Health and Human Services, Head Start, ALN 93.600, New Hampshire Public Utilities Company, Electrical Assistance Program, NON-Federal.
8. The threshold for distinguishing Type A and B programs was \$1,822,344.
9. Community Action Program Belknap-Merrimack Counties, Inc. was determined to not be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS AUDIT

None