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January 31, 2024

Board of Directors
Community Action Program of Evansville and Vanderburgh County, Inc.
Vanderburgh County, Indiana

We have reviewed the audit report of Community Action Program of Evansville and Vanderburgh County, Inc. which was opined upon by Comer, Nowling and Associates, PC, Independent Public Accountants, for the period January 1, 2022 to December 31, 2022. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Community Action Program of Evansville and Vanderburgh County, Inc. as of December 31, 2022 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Comer, Nowling and Associates, PC prepared the audit report in accordance with guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

**Community Action
Program of Evansville and
Vanderburgh County, Inc.
and Subsidiary**



**Consolidated Financial Statements
For The Years Ended
December 31, 2022 and 2021
(With Single Audit Section)**

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Certified Public Accountants

**COMMUNITY ACTION PROGRAM OF EVANSVILLE AND
VANDERBURGH COUNTY, INC. AND SUBSIDIARY
FINANCIAL STATEMENTS**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Community Action Program of Evansville and Vanderburgh County, Inc. and Subsidiary
Evansville, Indiana

Report on the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Community Action Program of Evansville and Vanderburgh County, Inc. (a nonprofit organization) and Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Community Action Program of Evansville and Vanderburgh County, Inc. as of December 31, 2022 and 2021, 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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Community Action Program of Evansville and Vanderburgh County, 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 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 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 the Community Action Program of Evansville and Vanderburgh County, 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Community Action Program of Evansville and Vanderburgh County, 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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 28, 2023 on our consideration of the Community Action Program of Evansville and Vanderburgh County, 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 the Community Action Program of Evansville and Vanderburgh County, 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 the Community Action Program of Evansville and Vanderburgh County, Inc.'s internal control over financial reporting and compliance.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
September 28, 2023

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

ASSETS

	2022	2021
Current assets		
Cash	\$ 2,389,596	\$ 2,025,643
Certificates of deposit	76,089	119,761
Grants and accounts receivable	1,805,752	2,039,162
Prepaid expenses	209,476	240,755
Total current assets	4,480,913	4,425,321
Property and equipment		
Land	323,544	316,026
Vehicles and equipment	1,590,437	987,836
Buildings and improvements	6,572,830	6,266,796
Construction in process	26,335	26,335
	8,513,146	7,596,993
Less accumulated depreciation	(2,638,768)	(2,403,925)
Total property and equipment, net	5,874,378	5,193,068
Other assets		
Due from Southern Indiana Housing Corp.	3,200	3,200
Due from Brumfield Place, L.P.	192,447	126,150
Investment in Brumfield Place, L.P.	156,185	156,185
Notes receivable - Brumfield Place, L.P.	225,000	425,000
Notes receivable - Paradise Estates Apartments	847,470	847,470
Right-of-use asset - operating	1,704,307	-
Capitalized costs, net	44,674	55,184
Total other assets	3,173,283	1,613,189
Total assets	\$ 13,528,574	\$ 11,231,578

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 323,979	\$ 219,654
Accrued payroll and payroll expenses	450,598	420,316
Deferred revenue	27,571	66,989
Current maturities of long-term debt	29,359	27,750
Lease liability operating - current portion	185,350	-
Total current liabilities	1,016,857	734,709
Long-term liabilities		
Notes payable	2,831,284	3,060,590
Lease liability - operating, less current portion	1,552,598	-
Total long-term liabilities	4,383,882	3,060,590
Total liabilities	5,400,739	3,795,299
Net assets without donor restrictions	8,127,835	7,436,279
Total liabilities and net assets	\$ 13,528,574	\$ 11,231,578

See accompanying notes to consolidated financial statements.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
	<u>Without Donor</u>	<u>Without Donor</u>
	<u>Restrictions</u>	<u>Restrictions</u>
Support and revenue		
Grant revenue	\$ 17,921,164	\$ 12,088,827
Donations	85,308	19,620
Program revenue	118,769	2,628
Rent income	118,628	151,879
Other	91,625	35,660
Interest	3,604	7,643
Forgiveness of debt	201,743	211,893
Gain (loss) on sale of property	2,600	350
In-kind contributions	152,427	219,921
Total support and revenue	<u>18,695,868</u>	<u>12,738,421</u>
Functional expenses		
Childhood education	6,623,925	7,082,590
Child care	531,017	206,219
Nutrition	417,737	443,873
Literacy	164,268	121,318
Senior volunteer	196,407	207,811
Utility assistance	8,187,498	2,224,080
Housing assistance	312,381	312,843
Home weatherization assistance	455,495	488,201
Emergency family service	58,354	2,593
Management and general	772,915	527,450
Subsidiary	280,045	254,189
Total functional expenses	<u>18,000,042</u>	<u>11,871,167</u>
Increase (decrease) in net assets	695,826	867,254
Net assets at beginning of year	7,436,279	6,569,025
Cumulative effect of change in accounting principle	<u>(4,270)</u>	<u>-</u>
Net assets at end of year	<u>\$ 8,127,835</u>	<u>\$ 7,436,279</u>

See accompanying notes to consolidated financial statements.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Childhood Education	Child Care	Nutrition	Literacy	Senior Volunteer	Utility Assistance	Housing Assistance	Home Weatherization Assistance	Emergency Family Services	Management and General	Subsidiary	2022 Totals
OPERATING EXPENSES												
Personnel costs	\$ 5,160,709	\$ 330,721	\$ 179	\$ 108,368	\$ 40,291	\$ 365,325	\$ 153,425	\$ 186,015	\$ -	\$ 275,687	\$ -	\$ 6,620,720
Space costs	279,968	50,708	-	3,138	1,834	61,842	37,706	4,233	-	58,241	-	497,670
Communications	77,182	7,051	-	103	300	6,081	1,749	2,160	-	33,103	-	127,729
Contractual services	311,315	69,406	256	3,717	2,089	40,521	33,157	23,791	-	118,209	-	602,461
Materials and supplies	290,413	10,077	23,427	18,704	2,766	114,626	7,879	22,277	-	32,391	-	522,560
Travel and training	23,630	966	-	6,377	1,125	13,716	8,581	4,052	-	8,794	-	67,241
Customer assistance	4,593	1,534	393,875	277	144,311	7,538,131	36,382	198,605	58,354	-	-	8,376,062
Other	313,324	60,554	-	23,584	3,691	47,256	33,502	14,362	-	246,490	-	742,763
Partnership	-	-	-	-	-	-	-	-	-	-	280,045	280,045
In-kind expenses	162,791	-	-	-	-	-	-	-	-	-	-	162,791
												-
Total operating expenses	<u>\$ 6,623,925</u>	<u>\$ 531,017</u>	<u>\$ 417,737</u>	<u>\$ 164,268</u>	<u>\$ 196,407</u>	<u>\$ 8,187,498</u>	<u>\$ 312,381</u>	<u>\$ 455,495</u>	<u>\$ 58,354</u>	<u>\$ 772,915</u>	<u>\$ 280,045</u>	<u>\$18,000,042</u>

See accompanying notes to consolidated financial statements.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Childhood Education	Child Care	Nutrition	Literacy	Senior Volunteer	Utility Assistance	Housing Assistance	Home Weatherization Assistance	Emergency Family Services	Management and General	Subsidiary	2021 Totals
OPERATING EXPENSES												
Personnel costs	\$ 5,327,642	\$ 124,870	\$ -	\$ 103,010	\$ 38,806	\$ 230,371	\$ 116,344	\$ 208,098	\$ -	\$ 247,314	\$ -	\$ 6,396,455
Space costs	481,389	4,619	-	2,436	1,754	17,095	18,322	9,442	-	15,813	-	550,870
Communications	96,162	816	-	317	387	6,098	3,959	6,093	-	30,713	-	144,545
Contractual services	311,872	28,729	-	700	10,719	11,818	5,252	22,800	-	(24,094)	-	367,796
Materials and supplies	424,288	9,256	6,870	3,960	3,953	48,310	13,771	13,782	-	65,714	-	589,904
Travel and training	21,397	-	-	2,000	1,344	-	-	1,223	-	11,123	-	37,087
Customer assistance	14,742	2,359	437,003	-	148,845	1,897,102	143,807	212,328	2,593	-	-	2,858,779
Other	185,177	35,570	-	8,895	2,003	13,286	11,388	14,435	-	180,867	-	451,621
Partnership	-	-	-	-	-	-	-	-	-	-	254,189	254,189
In-kind expenses	219,921	-	-	-	-	-	-	-	-	-	-	219,921
Total operating expenses	<u>\$ 7,082,590</u>	<u>\$ 206,219</u>	<u>\$ 443,873</u>	<u>\$ 121,318</u>	<u>\$ 207,811</u>	<u>\$ 2,224,080</u>	<u>\$ 312,843</u>	<u>\$ 488,201</u>	<u>\$ 2,593</u>	<u>\$ 527,450</u>	<u>\$ 254,189</u>	<u>\$11,871,167</u>

See accompanying notes to consolidated financial statements.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 695,826	\$ 867,254
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	283,283	242,947
Amortization	10,511	10,512
Gain on sale of property and equipment	(2,600)	(350)
Contributions of fixed assets	(75,750)	-
Forgiveness of debt	(201,743)	(201,742)
Bad debt expense	200,000	-
Increase (decrease) in cash from changes in:	-	-
Grants and accounts receivable	233,410	55,029
Prepaid expenses	31,279	(48,287)
Right-of-use asset - operating	6,926	-
Accounts payable	203,207	66,348
Accrued payroll and related expenses	30,282	(16,549)
Deferred revenue	(39,418)	(52,770)
Lease liability - operating	22,444	-
Net cash provided by (used in) operating activities	<u>1,397,657</u>	<u>922,392</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of certificates of deposit	(165,181)	(66,689)
Proceeds from sale of property and equipment	2,600	350
Purchases of property and equipment	(888,841)	(150,008)
Net cash provided by (used in) investing activities	<u>(1,051,422)</u>	<u>(216,347)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loan and note proceeds	-	260,973
Repayment of notes payable	(25,954)	(23,031)
Net cash provided by (used in) financing activities	<u>(25,954)</u>	<u>237,942</u>
NET INCREASE (DECREASE) IN CASH	<u>320,281</u>	<u>943,987</u>
CASH, BEGINNING OF YEAR	<u>2,145,404</u>	<u>1,201,417</u>
CASH, END OF YEAR	<u>\$ 2,465,685</u>	<u>\$ 2,145,404</u>
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for interest	<u>\$ 34,074</u>	<u>\$ 26,521</u>

See accompanying notes to consolidated financial statements.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Community Action Program of Evansville and Vanderburgh County, Inc.(the “Organization”), and its wholly-owned subsidiary, CAPE Place, LLC (the “Subsidiary”). In accordance with the FASB Accounting Standards Codification topic “Consolidation of Not-for-profit entities,” consolidation is required for the aforementioned entities and all material intercompany transactions have been eliminated in the consolidation.

NATURE OF OPERATIONS

Community Action Program of Evansville and Vanderburgh County, Inc. (CAPE or the Organization) was incorporated and commenced operations as a not-for-profit Organization in 1965, under the laws of the State of Indiana. The Organization was formed to develop and provide resources for the purpose of assisting low-income individuals in the City of Evansville and Vanderburgh County, Indiana through a variety of programs, including Head Start, Energy Assistance, Section 8, Weatherization, Foster Grandparents, Owner Occupied Rehabilitation Programs, Food Banks, and Individual Development Accounts. The Organization is primarily supported through federal and state government grants.

CAPE Place, LLC was formed to further the charitable purposes of Community Action Program of Evansville and Vanderburgh County, Inc. through development, ownership, and operation of a 28-unit affordable housing rental project on certain real estate located in Princeton, Indiana, to be known as CAPE Place.

Income or losses from business activity performed by CAPE Place, LLC and Community Action Program of Evansville and Vanderburgh County, Inc. are reflected as increases and decreases in the net assets of the Subsidiary in the consolidated statement of financial position. In addition, income or losses from Subsidiary activity is presented in the consolidated statement of activities.

BASIS OF ACCOUNTING

The financial statements of the Organization and Subsidiary have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

REVENUE RECOGNITION

The Organization receives grants and cost-reimbursement awards from the State of Indiana (State) and the federal government to carry out certain program activities. The conditional grants are received under contracts which require the Organization to submit to the State appropriate records of services provided to eligible individuals. Revenue earned under cost-reimbursement awards from governmental agencies are recognized under such awards when costs allowable under the terms of the awards are incurred. Advances received in excess of allowable costs are reported as liabilities. Revenues under the contracts are recognized as services are provided. The Subsidiary recognizes revenue as it is earned and billed.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

REVENUE RECOGNITION – (continued)

The Organization reports grants and contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. However, contributions received with donor-imposed restrictions in which the restrictions are satisfied in the same reporting period are reported as support without donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Amortization of the discounts is included in contributions revenue. Conditional promises to give are not recognized as revenue until the conditions are substantially met.

In addition to receiving cash contributions, the Organization receives in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair market value of certain in-kind donations as an expense in its financial statements, and similarly increase revenue and other support by the same amount.

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance non-financial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

No amounts have been reflected in the financial statements for unskilled donated services. The Organization pays for most services that require specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, solicitations, and various committee assignments.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

PROPERTY AND EQUIPMENT

The Organization and Subsidiary follow the practice of capitalizing all expenditures in excess of \$5,000 for property and equipment at cost; the fair value of donated fixed assets is similarly capitalized. Depreciation is provided using the straight-line method over estimated useful lives of three to forty years. The following is a summary of the lives for each class of asset:

Buildings	40 years
Leasehold improvements	15 years
Equipment	3-10 years
Vehicles	5 years

When property is sold, retired or otherwise disposed of, the related cost and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is credited or charged to income. Expenditures for maintenance and repairs are expensed when incurred.

The Organization has adopted a policy for implying time restrictions on contributions of long-lived assets (and contributions of cash and other assets restricted to purchasing them) are met when the asset is placed in service.

The Organization’s total depreciation expense for the years ended December 31, 2022 and 2021, was \$191,678 and \$116,211, respectively. The Subsidiary’s depreciation expense was \$91,605 and \$95,145, respectively for the years ended December 31, 2022 and 2021.

INCOME TAX STATUS

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an Organization that is not a private foundation under Section 509(a)(2).

In addition, since the subsidiary LLC is wholly owned by the Organization, there is only a single member. Per Internal Revenue Service Code, the LLC is considered to be a “disregarded entity” for tax purposes, meaning that all revenues and expense of the LLC are reported as part of the Organization’s annual tax return. No income tax return is required to be prepared for the sole-member LLC.

FINANCIAL STATEMENT PRESENTATION

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board. Per the applicable standards, Community Action Program of Evansville and Vanderburgh County, Inc. is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

FINANCIAL STATEMENT PRESENTATION – (continued)

A description of the net asset classes follows:

Net assets without donor restrictions represent the portion of net assets of Community Action Program of Evansville and Vanderburgh County, Inc. that is not subject to donor-imposed restrictions. Net assets without donor restrictions include expendable funds available for the support of the Organization. Board designated net assets are net assets without donor restrictions with self-imposed designations by action of the governing board.

Net assets with donor restrictions represent contributions and other inflows of assets whose use by Community Action Program of Evansville and Vanderburgh County, Inc. is limited by donor-imposed stipulations that either expire by passage of time, can be fulfilled and removed by actions of Community Action Program of Evansville and Vanderburgh County, Inc. pursuant to those stipulations, or net assets that must be held in perpetuity.

Net assets with donor restrictions also include, pursuant to Indiana law, cumulative appreciation, and reinvested gains on net assets with donor restrictions that are held in perpetuity, which have not been appropriated by the Board of Directors.

For the years ended December 31, 2022 and 2021, the Organization had no net assets with donor restrictions.

USE OF ESTIMATES

The preparation of accrual basis financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

TAX BENEFITS

The Organization and Subsidiary recognize a tax benefit only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. With few exceptions, the Organization and Subsidiary are no longer subject to examination by taxing authorities for the years before 2019.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

ALLOCATION OF COSTS

The Organization allocates joint costs to benefiting programs using various allocation methods, depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of all agency programs, which cannot be readily identified with a final cost objective. The Organization's cost allocation methods are as follows:

Administrative Personnel

Agency administrative personnel record the time they spend working on specific programs on their time sheets. The time specifically identifiable to a particular program is charged to that program. Where time is spent on tasks that affect all programs (example: processing payroll, bank reconciliation and benefit administration) costs are allocated by FTE (Full-time Equivalent) number of staff per program.

Administrative Non-personnel Costs

Administrative non-personnel costs (including administrative space costs, utilities, telephones, supplies, travel, etc.) are allocated based on direct cost to programs where possible. When not possible or not administratively feasible, costs are allocated by FTE (Full-time equivalent) number of staff per program.

Occupancy Costs

Occupancy costs are allocated directly to the programs they are used for. Where there is shared space between two or more programs the costs are allocated by the FTE (Full-time equivalent) number of staff per program at the location.

GRANTS RECEIVABLE AND ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

The grants receivable represent amounts the Organization has filed claims for the years ended and were awaiting payment. A substantial majority of receivables are due from government sources. The amount deemed uncollectible is zero. Therefore, no bad debt allowance is considered necessary.

ACCOUNTS RECEIVABLE

The accounts receivable represents amounts due for childcare services. The Organization considers accounts receivable to be fully collectible and, accordingly, no allowance for doubtful accounts is considered necessary. The past due accounts are reviewed and written off every year in the month of July. The direct write-off method was not determined to have a material impact on the financial statements.

CASH EQUIVALENTS

The Organization considers all highly liquid investments, except for those held for long-term investment, with maturities of three months or less when purchased to be cash equivalents.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

IN-KIND CONTRIBUTIONS

In addition to receiving cash contributions, the Organization receives in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair market value of certain in-kind donations as an expense in its financial statements, and similarly increase revenue and other support by a like amount. For the years ended December 31, 2022 and 2021, this adjustment amounted to approximately \$152,427 and \$219,921, respectively.

The Organization has recorded in-kind contributions for professional services in accordance with generally accepted accounting principles (GAAP). Only contributions of services received that create or enhance non-financial assets or require specialized skill and would typically need to be purchased if not provided by donation be recorded. The requirements of GAAP are different from the in-kind requirements of the Organization’s grant funding sources.

Of the \$152,427 and \$219,921 of in-kind contributions and related expenses recorded in the Organization’s Statement of Activities for the years ended December 31, 2022 and 2021, contributed services meeting the requirements of the aforementioned standard are \$152,427 and \$10,137, respectively, related to Head Start. During 2022 and 2021, the Organization also received other in-kind contributions totaling \$-0- and \$15,643, respectively, related to its Head Start program, which includes services from non-professional volunteers which are not recorded in the Consolidated Statements of Activities. During 2022 and 2021, the Organization also received in-kind donations including food, supplies, and space for its Head Start program totaling \$-0- and \$209,784, respectively.

The table below details the in-kind contributions for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Head Start/Foster Grandparent in-kind		
Professional services	\$ 152,427	\$ 10,137
Supplies/food/space in-kind	-	209,784
	<hr/>	<hr/>
Total in-kind reported in financial statements	152,427	219,921
Head Start volunteer services	363,523	267,362
Total in-kind for all programs	<u>\$ 515,950</u>	<u>\$ 487,283</u>

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

LEASES

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. Under the new guidance, lessees are required to recognize right-of-use assets and right-of-use lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The Organization implemented the standard effective January 1, 2022, using the year of adoption. Prior periods continue to be reported and disclosed in accordance with the Organization’s historical accounting under ASC Topic 840, Leases.

The Organization has elected to use the following practical expedients in implementing the new standard:

Package of Practical Expedients: Allows the Organization to not reassess (1) lease classification for any expired or existing leases, (2) whether any existing contract contains a lease assuming the lessee has accounted for leases accurately under ASC 840, and (3) any initial direct costs for any existing leases.

Risk-Free Rate Policy: allows the lessee to avoid having to calculate an incremental borrowing rate to avoid unnecessary cost and complexity.

Short-Term Lease Practical Expedient: allows any lease with a term of 12 months or less to be excluded from treatment under the guidance of ASC 842.

SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 28, 2023, which is the date the financial statements were available to be issued.

NOTE 2 – CASH

Cash consisted of the following as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Checking - Parent	\$ 2,233,532	\$ 1,961,017
Checking - Subsidiary	155,664	64,226
Certificate of Deposit - Subsidiary	76,089	119,761
Petty Cash	400	400
Total Cash	<u>\$ 2,465,685</u>	<u>\$ 2,145,404</u>

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 3 – GRANTS AND ACCOUNTS RECEIVABLE

The grants and accounts receivable consists primarily of amounts due from federal and state agencies. The grants receivable from the various funding sources as of December 31, 2022 and 2021 consisted of:

	<u>2022</u>	<u>2021</u>
Federal Programs (Direct and pass-through)	\$ 1,689,278	\$ 1,954,561
State and Local Programs	116,474	84,601
Total	<u>\$ 1,805,752</u>	<u>\$ 2,039,162</u>

NOTE 4 – ACCOUNTING FOR THE IMPAIRMENT OR DISPOSAL OF LONG-LIVED ASSETS

As required per the FASB Accounting Standards Codification for *Accounting for the Impairment or Disposal of Long-Lived Assets*, long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. This standard has not materially affected the Organization’s net change in unrestricted net assets, statement of financial position or statement of cash flows.

NOTE 5 – DUE FROM AFFILIATES

During the year ended December 31, 2003, the Organization advanced funds to Southern Indiana Housing Corporation, an Indiana corporation, for start-up monies related to the design and construction of a low-income senior housing project in Southern Indiana. The funds are repayable to the Organization at the end of the project. As of December 31, 2022 and 2021, the balance due from Southern Indiana Housing Corporation was \$3,200 for both years.

During the year ended December 31, 2003, the Organization advanced funds to Brumfield Place, L.P., an Indiana limited partnership, for the operation of a 24-unit low-income housing project in Princeton, Indiana, of which the Organization is the development sponsor. The funds will be repaid from the final payment of the syndicators. As of December 31, 2022 and 2021, the balance due from Brumfield Place, L.P. was \$192,447 and \$126,150, respectively.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 6 – EMPLOYEE BENEFITS

The Organization has a 401(k) plan. The Organization provides contributions up to a maximum amount of 1% of employee compensation. Contributions to the plan are made for all permanent employees starting from the date of employment. Employee benefit expense under this plan was approximately \$99,589 and \$31,173 for the years ended December 31, 2022 and 2021, respectively.

NOTE 7 – DEVELOPMENT FEES RECEIVABLE

In 2010, the Organization entered into an Agreement with its subsidiary, CAPE Place, LLC to develop and maintain a 28-unit low-income housing project in Princeton, Indiana. Under the agreement, CAPE is scheduled to receive development fees for its time and effort in the project's development. Payments are to be made based on meeting specific milestones described in the agreement. The balance due was \$186,064 and \$186,064 as of December 31, 2022 and 2021, respectively.

NOTE 8 – NOTES RECEIVABLE

The Organization has entered into a real estate mortgage agreement with Brumfield Place, L.P., an Indiana limited partnership, dated March 15, 2002, in the principal amount of \$200,000. The mortgage matured on December 21, 2018 and was payable in full at maturity along with any accrued interest. The note bears interest at a rate of 0.0% per annum. In 2022 the entire mortgage balance of \$200,000 was forgiven.

The Organization has entered into a real estate mortgage agreement with Brumfield Place, L.P.; an Indiana limited partnership, dated March 15, 2002, in the principal amount of \$225,000. The mortgage matured on December 21, 2018 and was payable in full at maturity along with any accrued interest. The note bears interest at a rate of 0.0% per annum. As of December 31, 2022 and 2021, the mortgage balance remained at \$225,000. The Organization is currently evaluating its options whether to extend or forgive this note.

The Organization under the signature of its affiliate, Southern Indiana Housing Corporation, has entered into a forgivable note receivable agreement with Paradise Estates Apartments, an Indiana not-for-profit, in the principal amount of \$633,300. The note matures in March 2045 and is forgiven if the apartments are used for affordable housing. The note bears interest at a rate of 0.0% per annum. As of December 31, 2022 and 2021, the note balance remained at \$633,300.

The Organization under the signature of its affiliate, Southern Indiana Housing Corporation, has entered into a forgivable note receivable agreement with Paradise Estates Apartments, an Indiana not-for-profit, in the principal amount of \$150,000. The note matured in March 2020 and will be forgiven if the apartments are used for affordable housing. The note bears interest at a rate of 0.0% per annum. As of December 31, 2022 and 2021 the note balance remained at \$150,000. The Organization is currently evaluating its options whether to extend or forgive this note.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 8 – NOTES RECEIVABLE – (continued)

The Organization under the signature of its affiliate, Southern Indiana Housing Corporation, has entered into a forgivable note receivable agreement with Paradise Estates Apartments, an Indiana not-for-profit, in the principal amount of \$64,170. The note matured in March 2020 and will be forgiven if the apartments are used for affordable housing. The note bears interest at a rate of 0.0% per annum. As of December 31, 2022 and 2021 the note balance remained at \$64,170. The Organization is currently evaluating its options whether to extend or forgive this note.

NOTE 9 –LEASES

The Organization leases various facilities, copiers, and a vehicle for its programs which are considered operating leases. Facility leases agreements for classroom and off-site space expire between 2023 and 2026 with minimal cash outlay. The facility lease for the main location is a ten-year lease expiring in October 2031 with escalating monthly payments between \$12,968 to \$17,913. The Organization also leases copiers through March 2027 for \$2,083 per month and a vehicle through November 2025 for \$500 per month.

As of January 1, 2022, the Organization adopted FASB Accounting Standards Update (ASU) No. 2016-02, ASC 842, Leases, which requires the recognition of a right-of-use asset and a lease liability based on the present value of the remaining lease payments. The Organization used a risk-free discount rate to determine the present value. Lease expense for the year ended December 31, 2022 was \$243,357 under the new standard. For the year ended December 31, 2021, lease expense was \$187,011.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 9 –LEASES – (continued)

The following is a schedule by years of minimum future payment on the operating leases and the amortization of the net present value of the lease liability as of December 31, 2022.

Year ending December 31:	<u>Minimum annual lease payments</u>	<u>Amortization of NPV of lease liability</u>
2023	\$ 216,616	\$ 185,350
2024	218,420	190,947
2025	221,974	196,895
2026	219,578	202,762
2027	195,907	183,727
Thereafter	786,576	762,270
	<u>\$ 1,859,071</u>	<u>\$ 1,721,951</u>
Accumulated basis	\$ 1,786,341	
Less accumulated amortization	<u>(219,050)</u>	
	<u>\$ 1,567,291</u>	
Weighted-average remaining lease term in years	8.17	
Weighted-average discount rate	1.63%	

NOTE 10 – LONG-TERM DEBT

In December of 2002, the Organization assumed a promissory note with Fifth Third Bank originally dated December 2, 1996 and used by Evansville Community Services, Inc., an affiliate of the Organization, for the purchase of a commercial building. In December 2002, the Organization also assumed the title of the building. The original note was for the principal amount of \$765,000, matured on October 17, 2016 and was secured by real estate. The loan is payable in monthly installments of \$5,629 including principal and interest. The Organization assumed the remaining balance on the note of \$715,666 as of December 17, 2002. The note was refinanced in 2017 with two separate notes. One note financed at \$114,099 has an interest rate of 4.05% with payments of \$2,107 a month. This note was paid in full during 2019. The second note of \$499,375 has an interest rate of 5.01% and payments of \$3,343 per month. The remaining balance on the note as of December 31, 2022 and 2021 was \$398,519 and \$415,821, respectively.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 10 – LONG-TERM DEBT – (continued)

The Organization has entered into a loan agreement with the United States Department of Agriculture, Rural Housing Service, dated February 26, 2004, in the principal amount of \$140,000 for the purpose of partially funding the construction of a new Head Start facility in Princeton, Indiana. The loan is payable in monthly installments of \$636 beginning March 26, 2005, which includes interest of 4.5% per annum with a maturity date of February 26, 2045. The remaining balance on the note as of December 31, 2022 and 2021 was \$106,211 and \$109,775, respectively.

In 2021, the Organization entered into two separate loan agreements with Indiana Housing and Community Development Authority Development Fund. One loan of \$97,940 requires an annual payment of \$4,997. The second loan of \$163,161 requires an annual payment of \$8,324. Both loans bear interest at 3% per annum, mature in 15 years, but amortized over 30 years.

The future maturities of long-term debt are as follows for the years ended December 31:

<u>Year</u>	<u>Amount</u>
2023	\$ 27,717
2024	388,577
2025	8,997
2026	9,319
2027	9,653
Thereafter	317,052
	<u>\$ 761,315</u>

Interest expense amounted to \$34,074 and \$26,521 for the years ended December 31, 2022 and 2021, respectively.

NOTE 11 – BRUMFIELD PLACE L.P. AND PARADISE ESTATES APARTMENTS

Brumfield Place L.P. (the “Project”) was organized as a limited partnership in March 2002 to construct, own and operate a 24-unit apartment complex in Princeton, Indiana. Each building in the project has qualified and been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42 (“Section 42”), which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements. The Organization owns a 1/100th interest in the Project and has obtained HOME and AHP funds to assist with the development. The HOME and AHP Funds have in turn been loaned to the Project (see note 8). As of December 31, 2022 and 2021, the Organization had made no material contributions to the Project or incurred any material related costs.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 11 – BRUMFIELD PLACE L.P. AND PARADISE ESTATES APARTMENTS –
(continued)**

Paradise Estates Apartments (the “Secondary Project”) was organized as a separate not-for-profit in March 2003 to construct, own and operate a 9-unit apartment complex in Princeton, Indiana. The Organization, under the signature of its affiliate, Southern Indiana Housing Corporation, obtained Section 202, HOME and AHP funds to assist with the development. The Section 202, HOME and AHP Funds have in turn been loaned to the Secondary Project (see note 8). As of December 31, 2022 and 2021, the Organization had made no material contributions to the Project or incurred any material related costs.

NOTE 12 – NOTES PAYABLE – HOME, AHP AND SECTION 1602 FUNDS

The Organization, under the signature of its affiliate, Southern Indiana Housing Corporation, has entered into an agreement with the Department of Metropolitan Development of the City of Evansville, Indiana for the use of \$150,000 of HOME Funds in the development of Paradise Estates Apartments. In addition, the Organization has entered into an agreement with the Federal Home Loan Bank for the use of \$64,170 of AHP Funds in the development. The term of both loans is for an initial period of 20 years and with both loans maturing on August 2022. These notes payable will be forgiven if Paradise Estates is used as affordable housing until August 2022.

The Organization, under the signature of its subsidiary, CAPE Place, LLC, has entered into an agreement with the Indiana Housing and Community Development Authority for the use of \$3,026,140 of ARRA Section 1602 Exchange funds in the development of 28 units of low-income housing. The loan is forgivable in 1/15th equal annual amounts over the 15-year term of the note beginning on the first anniversary of the earlier of December 1, 2011 or the date the project is put into service. The note bears interest at a rate of 0.0% per annum. As of December 31, 2022 and 2021, the note balance was \$851,858 and \$1,053,601, respectively.

The Organization entered into an agreement with the Indiana Housing and Community Development Authority for the \$400,000 of Community Development Block Grant Disaster Relief II funds in the development of 28 units of low-income housing. The note bears interest at a rate of 0.0% per annum and matures on November 24, 2027. As of December 31, 2022 and 2021, the note balance was \$400,000 for both years.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 13 – CONTINGENT LIABILITY

Several programs administered by the Organization provide funds towards the purchase, construction and/or rehabilitation of homes and rental properties. These programs include: Federal Home Loan Bank-Home Opportunities Program, Department of Metropolitan Development-Down Payment Assistance Program, Indiana Housing and Community Development-Owner Occupied Rehabilitation Program, Department of Metropolitan Development-Buy/Rehab/Resale Program, Department of Metropolitan Development-Home Money, the Indiana Housing and Community Development-HOME Investment Partnership program rental new construction, and Indiana Housing and Community Development-Housing Education Counseling/Down Payment Assistance Program.

In these programs, low-income persons can qualify for down payment assistance or for repairs and improvements of owner-occupied residences and HOME assisted rental units. For owner-occupied properties, the Organization holds a mortgage equal to the amount of the down payment or repairs for each participating homeowner. These mortgages are forgivable if the mortgagor owns and occupies the mortgaged premises for the required timeframe. These timeframes range from 3 to 15 years for the various programs. As of December 31, 2022, the Organization held 22 mortgages with a total balance of \$663,348.

The Organization constructed three rental properties in Oakland City with \$253,000 of HOME funds in 2015. These rental properties must adhere to a twenty-year affordability requirement that requires rents to qualifying tenants not to exceed 30% of the tenant's gross income. If these three properties are transferred, foreclosed or not used as a residence for qualifying tenants during the affordability period, the entire sum secured by lien, without interest, shall be due and payable upon demand.

While the Organization holds these zero percent forgivable loans, the anticipated future collections cannot be determined. Although these mortgages are secured by a lien on the homes, there is a possibility that the Organization may have to repay the governmental funds used under this program if the owner occupants do not occupy the homes for the mandatory periods. The final liability, if any, to be paid cannot be determined at this time. Accordingly, these financial statements do not reflect any liability which may arise as a result.

NOTE 14 – CONCENTRATION OF RISK

The Organization maintains its cash balances in several banks. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 as of December 31, 2022 and 2021. At times throughout the year, the balance in this account may exceed these limits. At December 31, 2022 and 2021, had uninsured bank balances of \$1,795,495 and \$1,472,607, respectively.

Revenues from federal and state government agencies that provide grant and contract funding to the Organization represented 97% and 97% of the Organization's total revenue and support for the years ended December 31, 2022 and 2021, respectively.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 15 – INDIVIDUAL DEVELOPMENT ACCOUNTS

The Organization maintains multiple Individual Development Accounts (IDA's) with commercial banks. IDA's are matched savings accounts that enable low-income American families to save, build assets, and enter the financial mainstream. The total cash balance in those accounts amounted to \$83,124 and \$100,743 for the years ended December 31, 2022 and 2021. These balances are not included in the Organization's financial statements.

NOTE 16 – INFORMATION ABOUT LIQUIDTY

The financial assets per the consolidated financial statements for Community Action Program of Evansville and Vanderburgh County, Inc. and Subsidiary consist of cash, certificates of deposit, and receivables. Certain cash balances related to reserves and security deposits that are required to be set aside for Cape Place.

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,389,596	\$ 2,025,643
Certificates of deposit	76,089	119,761
Grants and accounts receivables	2,001,399	2,168,512
Notes receivable	1,072,470	1,272,470
Total financial assets	<u>5,539,554</u>	<u>5,586,386</u>
Less:		
Restricted deposits and funded reserve	(87,557)	(131,210)
Tenant security deposits held in trust	(12,954)	(12,933)
Due from related parties	(195,647)	(129,350)
Notes receivable - long term	<u>(1,072,470)</u>	<u>(1,272,470)</u>
Total financial assets available for operations within the next year	<u>\$ 4,170,926</u>	<u>\$ 4,040,423</u>

SUPPLEMENTARY INFORMATION



Independent Auditor's Report on Supplementary Information

Board of Directors
Community Action Program of Evansville and Vanderburgh County, Inc. and Subsidiary
Evansville, Indiana

We have audited of the consolidated financial statements of Community Action Program of Evansville and Vanderburgh County, Inc. and Subsidiary as of and for the years ended December 31, 2022 and 2021, and our report thereon dated September 28, 2023, which expressed an unmodified opinion on those consolidated financial states, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information (shown on pages 25 through 28) 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
September 28, 2023

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021**

	ASSETS							
	2022				2021			
	Parent Without Donor Restrictions	Subsidiary Cape Place, LLC	Eliminations	Consolidated Total	Parent Without Donor Restrictions	Subsidiary Cape Place, LLC	Eliminations	Consolidated Total
Current assets								
Cash	\$ 2,233,932	\$ 155,664	\$ -	\$ 2,389,596	\$ 1,961,417	\$ 64,226	\$ -	\$ 2,025,643
Certificates of deposit	-	76,089	-	76,089	-	119,761	-	119,761
Grants and accounts receivable	1,780,834	24,918	-	1,805,752	2,015,264	23,898	-	2,039,162
Due from CAPE Place, LLC	122,727	-	(122,727)	-	23,843	-	(23,843)	-
Prepaid expenses	177,670	31,806	-	209,476	204,496	36,259	-	240,755
Total current assets	<u>4,315,163</u>	<u>288,477</u>	<u>(122,727)</u>	<u>4,480,913</u>	<u>4,205,020</u>	<u>244,144</u>	<u>(23,843)</u>	<u>4,425,321</u>
Property and equipment								
Land	263,544	60,000	-	323,544	256,026	60,000	-	316,026
Vehicles and equipment	1,416,380	174,057	-	1,590,437	813,779	174,057	-	987,836
Buildings and improvements	3,131,793	3,441,037	-	6,572,830	2,825,759	3,441,037	-	6,266,796
Construction in progress	26,335	-	-	26,335	26,335	-	-	26,335
	<u>4,838,052</u>	<u>3,675,094</u>	<u>-</u>	<u>8,513,146</u>	<u>3,921,899</u>	<u>3,675,094</u>	<u>-</u>	<u>7,596,993</u>
Less accumulated depreciation	(1,514,703)	(1,124,065)	-	(2,638,768)	(1,371,464)	(1,032,461)	-	(2,403,925)
Total property and equipment, net	<u>3,323,349</u>	<u>2,551,029</u>	<u>-</u>	<u>5,874,378</u>	<u>2,550,435</u>	<u>2,642,633</u>	<u>-</u>	<u>5,193,068</u>
Other assets								
Development fees receivable	186,064	-	(186,064)	-	186,064	-	(186,064)	-
Due from Southern Indiana Housing Corp.	3,200	-	-	3,200	3,200	-	-	3,200
Due from Brumfield Place, L.P.	192,447	-	-	192,447	126,150	-	-	126,150
Investment in Brumfield Place, L.P.	156,185	-	-	156,185	156,185	-	-	156,185
Investment in Subsidiary	1,305,668	-	(1,305,668)	-	1,265,083	-	(1,265,083)	-
Notes receivable - Brumfield Place, L.P.	225,000	-	-	225,000	425,000	-	-	425,000
Notes receivable - Paradise Estates Apartments	847,470	-	-	847,470	847,470	-	-	847,470
Notes receivable - Cape Place LLC	400,000	-	(400,000)	-	400,000	-	(400,000)	-
Right-of-use asset - operating	1,704,307	-	-	1,704,307	-	-	-	-
Capitalized costs, net	-	44,674	-	44,674	-	55,184	-	55,184
Total other assets	<u>5,020,341</u>	<u>44,674</u>	<u>(1,891,732)</u>	<u>3,173,283</u>	<u>3,409,152</u>	<u>55,184</u>	<u>(1,851,147)</u>	<u>1,613,189</u>
	<u>\$ 12,658,853</u>	<u>\$ 2,884,180</u>	<u>\$ (2,014,459)</u>	<u>\$ 13,528,574</u>	<u>\$ 10,164,607</u>	<u>\$ 2,941,961</u>	<u>\$ (1,874,990)</u>	<u>\$ 11,231,578</u>

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021**

	LIABILITIES AND NET ASSETS							
	2022				2021			
	Parent Without Donor Restrictions	Subsidiary Cape Place, LLC	Eliminations	Consolidated Total	Parent Without Donor Restrictions	Subsidiary Cape Place, LLC	Eliminations	Consolidated Total
Current liabilities								
Accounts payable	\$ 323,440	\$ 123,266	\$ (122,727)	\$ 323,979	\$ 219,217	\$ 24,280	\$ (23,843)	\$ 219,654
Accrued payroll and payroll expenses	450,598	-	-	450,598	420,316	-	-	420,316
Deferred revenue and deposits	10,248	17,323	-	27,571	54,057	12,932	-	66,989
Developer fees due to CAPE	-	186,064	(186,064)	-	-	186,064	(186,064)	-
Lease liability operating - current portion	185,350	-	-	185,350	-	-	-	-
Current maturities of long-term debt	29,359	-	-	29,359	27,750	-	-	27,750
Total current liabilities	<u>998,995</u>	<u>326,653</u>	<u>(308,791)</u>	<u>1,016,857</u>	<u>721,340</u>	<u>223,276</u>	<u>(209,907)</u>	<u>734,709</u>
Long-term liabilities								
Note payable - CDBG	400,000	400,000	(400,000)	400,000	400,000	400,000	(400,000)	400,000
Note payable - AHP Funds	64,170	-	-	64,170	64,170	-	-	64,170
Note payable - HOME Funds	150,000	-	-	150,000	150,000	-	-	150,000
Note payable - Section 202	633,300	-	-	633,300	633,300	-	-	633,300
Note Payable - Section 1602	-	851,858	-	851,858	-	1,053,601	-	1,053,601
Notes payable - other, less current portion	731,956	-	-	731,956	759,519	-	-	759,519
Lease liability - operating, less current portion	1,552,598	-	-	1,552,598	-	-	-	-
Total long-term liabilities	<u>3,532,024</u>	<u>1,251,858</u>	<u>(400,000)</u>	<u>4,383,882</u>	<u>2,006,989</u>	<u>1,453,601</u>	<u>(400,000)</u>	<u>3,060,590</u>
Total liabilities	4,531,019	1,578,511	(708,791)	5,400,739	2,728,329	1,676,877	(609,907)	3,795,299
Net assets	8,127,834	1,305,669	(1,305,668)	8,127,835	7,436,278	1,265,084	(1,265,083)	7,436,279
Total liabilities and net assets	<u>\$ 12,658,853</u>	<u>\$ 2,884,180</u>	<u>\$ (2,014,459)</u>	<u>\$ 13,528,574</u>	<u>\$ 10,164,607</u>	<u>\$ 2,941,961</u>	<u>\$ (1,874,990)</u>	<u>\$ 11,231,578</u>

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022				2021			
	Parent	Subsidiary	Eliminations	Consolidated	Parent	Subsidiary	Eliminations	Consolidated
	Without Donor Restrictions	Cape Place, LLC			Without Donor Restrictions	Cape Place, LLC		
Support and revenue								
Grant revenue	\$ 17,921,164	\$ -	\$ -	\$ 17,921,164	\$ 12,088,827	\$ -	\$ -	\$ 12,088,827
Contributions	85,308	-	-	85,308	19,620	-	-	19,620
Program revenue	118,769	-	-	118,769	2,628	-	-	2,628
Rent income	-	118,628	-	118,628	-	151,879	-	151,879
Other	91,625	-	-	91,625	35,660	-	-	35,660
Earnings from subsidiary	40,585	-	(40,585)	-	116,021	-	(116,021)	-
Interest	3,345	259	-	3,604	1,204	6,439	-	7,643
Forgiveness of debt	-	201,743	-	201,743	-	211,893	-	211,893
Gain (loss) on disposal of property	2,600	-	-	2,600	350	-	-	350
In-kind contributions	152,427	-	-	152,427	219,921	-	-	219,921
Total support and revenue before net assets released from restriction	18,415,823	320,630	(40,585)	18,695,868	12,484,231	370,211	(116,021)	12,738,421
Net assets released from restrictions	-	-	-	-	-	-	-	-
Total support and revenue	18,415,823	320,630	(40,585)	18,695,868	12,484,231	370,211	(116,021)	12,738,421
Expenses								
Childhood education	6,623,925	-	-	6,623,925	7,082,590	-	-	7,082,590
Child care	531,017	-	-	531,017	206,219	-	-	206,219
Nutrition	417,737	-	-	417,737	443,873	-	-	443,873
Literacy	164,268	-	-	164,268	121,318	-	-	121,318
Senior volunteer	196,407	-	-	196,407	207,811	-	-	207,811
Utility assistance	8,187,498	-	-	8,187,498	2,224,080	-	-	2,224,080
Housing assistance	312,381	-	-	312,381	312,843	-	-	312,843
Home weatherization assistance	455,495	-	-	455,495	488,201	-	-	488,201
Emergency family service	58,354	-	-	58,354	2,593	-	-	2,593
Management and general	772,915	-	-	772,915	527,450	-	-	527,450
Subsidiary	-	280,045	-	280,045	-	254,189	-	254,189
Total operating expenses	17,719,997	280,045	-	18,000,042	11,616,978	254,189	-	11,871,167
Increase (decrease) in net assets	695,826	40,585	(40,585)	695,826	867,253	116,022	(116,021)	867,254
Net assets at beginning of year	7,436,278	1,265,084	(1,265,083)	7,436,279	6,569,025	1,149,062	(1,149,062)	6,569,025
Cumulative effect of change in accounting principle	(4,270)	-	-	(4,270)	-	-	-	-
Net assets at end of year	<u>\$ 8,127,834</u>	<u>\$ 1,305,669</u>	<u>\$ (1,305,668)</u>	<u>\$ 8,127,835</u>	<u>\$ 7,436,278</u>	<u>\$ 1,265,084</u>	<u>\$ (1,265,083)</u>	<u>\$ 7,436,279</u>

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022				2021			
	Parent	Subsidiary	Eliminations	Total Consolidated	Parent	Subsidiary	Eliminations	Total Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:								
Change in net assets	\$ 695,826	\$ 40,585	\$ (40,585)	\$ 695,826	\$ 867,253	\$ 116,022	\$ (116,021)	\$ 867,254
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:								
Depreciation	191,678	91,605	-	283,283	147,802	95,145	-	242,947
Amortization	-	10,511	-	10,511	-	10,512	-	10,512
Gain (loss) on disposal of property	(2,600)	-	-	(2,600)	(350)	-	-	(350)
Contributions of fixed assets	(75,750)	-	-	(75,750)	-	-	-	-
Bad debt expense	200,000	-	-	200,000	-	-	-	-
Earnings on subsidiary	(40,585)	-	40,585	-	(116,021)	-	116,021	-
Forgiveness of debt	-	(201,743)	-	(201,743)	-	(201,742)	-	(201,742)
Increase (decrease) in cash from changes in:								
Grants and accounts receivable	234,430	(1,020)	-	233,410	56,838	(1,809)	-	55,029
Prepaid expenses	26,826	4,453	-	31,279	(47,705)	(582)	-	(48,287)
Right-of-use asset - operating	6,926	-	-	6,926	-	-	-	-
Accounts payable	104,223	98,984	-	203,207	52,036	14,312	-	66,348
Accrued payroll and related expenses	30,282	-	-	30,282	(16,549)	-	-	(16,549)
Deferred revenue and deposits	(43,809)	4,391	-	(39,418)	(54,135)	1,365	-	(52,770)
Lease liability - operating	22,444	-	-	22,444	-	-	-	-
Net cash provided by (used in) operating activities	1,349,891	47,766	-	1,397,657	889,169	33,223	-	922,392
CASH FLOWS FROM INVESTING ACTIVITIES:								
Advances to related parties	(165,181)	-	-	(165,181)	(66,689)	-	-	(66,689)
Proceeds from sale of property and equipment	2,600	-	-	2,600	350	-	-	350
Purchases of property and equipment and CIP	(888,841)	-	-	(888,841)	(150,008)	-	-	(150,008)
Net cash provided by (used in) investing activities	(1,051,422)	-	-	(1,051,422)	(216,347)	-	-	(216,347)
CASH FLOWS FROM FINANCING ACTIVITIES:								
Loan and note proceeds	-	-	-	-	260,973	-	-	260,973
Repayment of notes payable	(25,954)	-	-	(25,954)	(23,031)	-	-	(23,031)
Net cash provided by (used in) financing activities	(25,954)	-	-	(25,954)	237,942	-	-	237,942
NET INCREASE (DECREASE) IN CASH	272,515	47,766	-	320,281	910,764	33,223	-	943,987
CASH, BEGINNING OF YEAR	1,961,417	183,987	-	2,145,404	1,050,653	150,764	-	1,201,417
CASH, END OF YEAR	\$ 2,233,932	\$ 231,753	\$ -	\$ 2,465,685	\$ 1,961,417	\$ 183,987	\$ -	\$ 2,145,404
Supplemental Disclosures of Cash Flow Information								
Cash paid during the year for interest	\$ 34,074	\$ -	\$ -	\$ 34,074	\$ 26,521	\$ -	\$ -	\$ 26,521

SINGLE AUDIT SECTION

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022**

FEDERAL GRANTOR AGENCY				
 Passthrough Agency	Federal	Grant or	Grant	Federal
 Program Title	Assistance Listing	Identifying	Award	Expenditures
	Number	Number	(in dollars \$)	
U.S. DEPARTMENT OF AGRICULTURE				
Passed through Indiana Department of Education:				
Child and Adult Care Food Program	10.558	1820162	n/a	\$ 326,736
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through the City of Evansville -				
Department of Metropolitan Development:				
Community Development Block Grant CARES	14.218	4777 CV-CDBG	243,841	43,224
Emergency Needs Pantry	14.218	2317297-439050	6,500	6,500
Subtotal				<u>49,724</u>
HOME Funds - Cody	14.239	M-20-MC-18-0201	293,272	2,260
HOME funds - CHDO Operating	14.239	M-18-MC-18-0201	14,848	1,512
				<u>3,772</u>
Passed through Indiana Housing and Community Development Authority:				
Housing Counseling Assistance Program	14.169	HC-021-002	62,865	10,220
Subtotal				<u>10,220</u>
Direct Program:				
Section 202 Capital Grant - Paradise Estates	14.157	073-EE081-NP-WAF	633,300 *	633,300
HOME funds - Paradise Estates	14.239	063-512-439050020	150,000 *	150,000
Subtotal CFDA 14.239 direct funding				<u>153,772</u>
Total U.S. Department of Housing and Urban Development				<u>\$ 847,016</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

FEDERAL GRANTOR AGENCY Passthrough Agency Program Title	Federal CFDA Number	Grant or Identifying Number	Grant Award (in dollars \$)	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Program:				
Head Start Program				
Head Start Program	93.600	05CH011792-02-03	6,328,026	\$ 3,568,441
Full Day / Part Day				
Full Day / Part Day	93.600	05CH011792-01-01	528,164	80,600
Full Day / Part Day				
Full Day / Part Day	93.600	05SHE001253-01-01	778,684	578,659
Head Start Program	93.600	05CH011792-03-01	6,380,206	2,820,867
Subtotal Head Start cluster				<u>7,048,567</u>
Passed through the Indiana Housing and Community Development Authority (IHCD):				
Community Services Block Grant	93.569	CS-021-01	353,347	68,381
Community Services Block Grant				
Community Services Block Grant	93.569	CS-CV-020-010	475,691	90,254
Community Services Block Grant				
Community Services Block Grant	93.569	CS-022-010-D	28,000	11,250
Community Services Block Grant	93.569	CS-022-010	354,305	278,352
Subtotal				<u>448,237</u>
Low-Income Home Energy Assistance	93.568	WL-023-010	367,327	65,980
Low-Income Home Energy Assistance	93.568	ARPA-WA-021-010	379,518	299,981
Low-Income Home Energy Assistance	93.568	LI-022-010	4,583,582	4,568,319
Low-Income Home Energy Assistance				
Low-Income Home Energy Assistance	93.568	LI-ARPA-021-010	3,566,805	3,101,287
Low-Income Home Energy Assistance	93.568	WAT-ARPA-022-10	349,570	296,573
Low-Income Home Energy Assistance	93.568	LIIIIA-022-010	43,112	5,678
Low-Income Home Energy Assistance	93.568	LI-023-010	2,125,723	188,032
Subtotal				<u>8,525,850</u>
Total U.S. Department of Health and Human Services				<u>16,022,654</u>
U.S. DEPARTMENT OF ENERGY				
Passed through the Indiana Housing and Community Development Authority (IHCD):				
Weatherization Assistance for Low-Income Persons	81.042	WX-021-010	265,606	18,460
Weatherization Assistance for Low-Income Persons	81.042	WX-022-010	282,915	101,994
				<u>120,454</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Direct				
Foster Grandparent Program	94.011	21SFCIN003	196,711	115,460
Foster Grandparent Program	94.011	21SFCIN003	203,776	80,947
				<u>196,407</u>
Total Expenditures of Federal Awards				<u>\$ 17,513,267</u>

* Represents loan balances with continuing compliance requirements

See accompanying notes to Schedule of Expenditures of Federal Awards.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022**

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Community Action Program of Evansville and Vanderburgh County, Inc. and is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3 - Energy Assistance Payments

The Energy Assistance Payments expenditures under CFDA Number 93.568 include \$7,536,131 of energy assistance payments that were disbursed by the Indiana Housing and Community Development Authority on behalf of the Organization during the year ended December 31, 2022.

Note 4 - Indirect Cost Rate

Community Action Program of Evansville has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

Note 5 – Loans

Community Action Program of Evansville and Vanderburgh County, Inc. has a \$633,300 Section 202 Capital Advance and \$150,000 HOME forgivable grant on behalf of Paradise Estate Apartments. Both loans are non-interest bearing and have continuing compliance requirements.

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF STATE AND LOCAL AWARDS
YEAR ENDED DECEMBER 31, 2022**

GRANTOR AGENCY Passthrough Agency Program Title	Grant or Identifying Number	Grant Award (in dollars \$)	State and Local Expenditures
Passed through the Indiana Housing and Community Development Authority (IHCDA): Assets for Independence Demonstration Program	IDA019-008	25,000	\$ 1,515 <u>1,515</u>
Passed through the Indiana Minority Health Coalition, Inc. (IMHC): Minority Health Initiative	none	115,000	62,795
Minority Health Initiative	none	115,000	<u>50,222</u> <u>113,017</u>
Passed through the Indiana State Department of Health Tobacco Prevention & Cessation	35692	85,000 / 50,000	<u>44,139</u>
Total Expenditures of State and Local Awards			<u>\$ 158,671</u>

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2022**

Section II - Financial Statement Findings

There were no financial statement findings for the year ended December 31, 2021.

Section III - Federal Award Findings and Questioned Costs

There were no federal award findings for the year ended December 31, 2021.



INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

INDEPENDENT AUDITOR'S 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 of Evansville and Vanderburgh County, Inc.

We have audited, 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, the consolidated financial statements of the Community Action Program of Evansville and Vanderburgh County, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon September 28, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Community Action Program of Evansville and Vanderburgh County, 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 the Community Action Program of Evansville and Vanderburgh County, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the organization'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization'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 have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
September 28, 2023



INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

**INDEPENDENT AUDITOR'S 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 of Evansville and Vanderburgh County, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Community Action Program of Evansville and Vanderburgh County, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Community Action Program of Evansville and Vanderburgh County, Inc.'s major federal programs for the year ended December 31, 2022. Community Action Program of Evansville and Vanderburgh County, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Community Action Program of Evansville and Vanderburgh County, 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 December 31, 2022.

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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Community Action Program of Evansville and Vanderburgh County, 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 of Evansville and Vanderburgh County, 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 of Evansville and Vanderburgh County, Inc.'s federal programs.

Auditor's 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 of Evansville and Vanderburgh County, 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 of Evansville and Vanderburgh County, 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 of Evansville and Vanderburgh County, 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 of Evansville and Vanderburgh County, 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 of Evansville and Vanderburgh County, 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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 were not 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.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
September 28, 2023

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified? Yes No

Type of auditor's report issued: Unmodified

Any audit findings disclosed required to be reported in
Accordance with 2 CFR section 200.516(a) Yes No

Programs tested as major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.600	U.S. Dept. of Health and Human Services – Head Start
10.558	U.S. Dept. of Health and Human Services – Community Services Block Grant

Dollar threshold used to distinguish between type A and type B programs \$750,000

Auditee qualified as low-risk auditee? Yes No

**COMMUNITY ACTION PROGRAM OF EVANSVILLE
AND VANDERBURGH COUNTY, INC. AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

Section II - Financial Statement Findings

There were no financial statement findings for the year ended December 31, 2022.

Section III - Federal Award Findings and Questioned Costs

There were no federal award findings for the year ended December 31, 2022.