

COMMUNITY ACTION PARTNERSHIP OF
STRAFFORD COUNTY AND AFFILIATE

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021
AND
INDEPENDENT AUDITORS' REPORTS AND REPORTS ON
COMPLIANCE AND INTERNAL CONTROL**

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY AND AFFILIATE

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Community Action Partnership of Strafford County and Affiliate

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Community Action Partnership of Strafford County (a New Hampshire nonprofit organization) and Affiliate, 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 consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Community Action Partnership of Strafford County and Affiliate 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 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 Partnership of Strafford County and Affiliate 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 Partnership of Strafford County and Affiliate'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 Partnership of Strafford County and Affiliate'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 Partnership of Strafford County and Affiliate'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 June 15, 2023, on our consideration of Community Action Partnership of Strafford County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Community Action Partnership of Strafford County'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 Partnership of Strafford County's internal control over financial reporting and compliance.

Leon, McDonnell & Roberts
Professional Association

Dover, New Hampshire
June 15, 2023

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY AND AFFILIATE

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,355,108	\$ 1,550,537
Accounts receivable	2,556,852	2,130,211
Contributions receivable	50,000	12,600
Inventory	501,752	511,532
Prepaid expenses	52,046	36,666
Other current assets	-	1,334
Current portion of right of use asset	<u>65,513</u>	<u>-</u>
Total current assets	<u>4,581,271</u>	<u>4,242,880</u>
NONCURRENT ASSETS		
Restricted cash	29,455	18,991
Security deposits	8,427	8,469
Property, net of accumulated depreciation	5,804,619	6,110,022
Other noncurrent assets	25,503	25,503
Right of use asset, less current portion shown above	<u>81,312</u>	<u>-</u>
Total noncurrent assets	<u>5,949,316</u>	<u>6,162,985</u>
TOTAL ASSETS	<u>\$ 10,530,587</u>	<u>\$ 10,405,865</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Current portion of long term debt	\$ 95,690	\$ 134,868
Accounts payable	445,958	921,039
Accrued payroll and related taxes	129,018	136,247
Accrued compensated absences	205,528	145,234
Refundable advances	1,581,774	950,865
Other current liabilities	73,462	-
Current portion of right of use liability	<u>65,513</u>	<u>-</u>
Total current liabilities	<u>2,596,943</u>	<u>2,288,253</u>
NONCURRENT LIABILITIES		
Long term debt, less current portion shown above	2,908,484	3,221,845
Security deposits	3,201	3,201
Right of use liability, less current portion shown above	<u>81,312</u>	<u>-</u>
Total noncurrent liabilities	<u>2,992,997</u>	<u>3,225,046</u>
Total liabilities	<u>5,589,940</u>	<u>5,513,299</u>
NET ASSETS		
Without donor restrictions	4,634,862	4,533,937
With donor restrictions	<u>305,785</u>	<u>358,629</u>
Total net assets	<u>4,940,647</u>	<u>4,892,566</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,530,587</u>	<u>\$ 10,405,865</u>

See Notes to Financial Statements

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
CHANGE IN NET ASSETS			
REVENUES AND OTHER SUPPORT			
Grant revenue	\$ 42,329,510	\$ -	\$ 42,329,510
Fees for service	1,976,344	-	1,976,344
Rent revenue	58,600	-	58,600
Public support	514,628	113,717	628,345
In-kind donations	988,080	-	988,080
Interest	402	-	402
Fundraising	167,764	-	167,764
Other revenue	1,216	-	1,216
Gain on disposal of property	27,491	-	27,491
	<hr/>	<hr/>	<hr/>
Total revenues and other support	46,064,035	113,717	46,177,752
NET ASSETS RELEASED FROM RESTRICTIONS	<hr/> 166,561	<hr/> (166,561)	<hr/> -
Total revenues, other support, and net assets released from restrictions	<hr/> 46,230,596	<hr/> (52,844)	<hr/> 46,177,752
EXPENSES			
Program services			
Child services	5,120,775	-	5,120,775
Community services	2,123,402	-	2,123,402
Energy assistance	4,158,324	-	4,158,324
Housing	31,536,296	-	31,536,296
Weatherization	1,791,979	-	1,791,979
	<hr/>	<hr/>	<hr/>
Total program services	44,730,776	-	44,730,776
Supporting activities			
Management and general	1,179,649	-	1,179,649
Fundraising	219,246	-	219,246
	<hr/>	<hr/>	<hr/>
Total expenses	<hr/> 46,129,671	<hr/> -	<hr/> 46,129,671
CHANGE IN NET ASSETS	100,925	(52,844)	48,081
NET ASSETS, BEGINNING OF YEAR	<hr/> 4,533,937	<hr/> 358,629	<hr/> 4,892,566
NET ASSETS, END OF YEAR	<hr/> \$ 4,634,862	<hr/> \$ 305,785	<hr/> \$ 4,940,647

See Notes to Financial Statements

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
CHANGES IN UNRESTRICTED NET ASSETS			
REVENUES AND OTHER SUPPORT			
Grant revenue	\$ 19,989,740	\$ -	\$ 19,989,740
Fees for service	2,576,520	-	2,576,520
Rent revenue	51,351	-	51,351
Public support	352,142	358,629	710,771
In-kind donations	898,056	-	898,056
Interest	635	-	635
Fundraising	20,050	-	20,050
Other revenue	725,966	-	725,966
Loss on disposal of property	<u>(51,681)</u>	<u>-</u>	<u>(51,681)</u>
Total revenues and other support	24,562,779	358,629	24,921,408
NET ASSETS RELEASED FROM RESTRICTIONS	<u>301,566</u>	<u>(301,566)</u>	<u>-</u>
Total revenues, other support, and net assets released from restrictions	<u>24,864,345</u>	<u>57,063</u>	<u>24,921,408</u>
EXPENSES			
Program services			
Child services	5,251,539	-	5,251,539
Community services	2,036,906	-	2,036,906
Energy assistance	2,459,441	-	2,459,441
Housing	10,714,923	-	10,714,923
Weatherization	2,483,701	-	2,483,701
Workforce development	<u>3,793</u>	<u>-</u>	<u>3,793</u>
Total program services	22,950,303	-	22,950,303
Supporting activities			
Management and general	905,781	-	905,781
Fundraising	<u>68,241</u>	<u>-</u>	<u>68,241</u>
Total expenses	<u>23,924,325</u>	<u>-</u>	<u>23,924,325</u>
CHANGE IN NET ASSETS	940,020	57,063	997,083
NET ASSETS, BEGINNING OF YEAR	<u>3,593,917</u>	<u>301,566</u>	<u>3,895,483</u>
NET ASSETS, END OF YEAR	<u>\$ 4,533,937</u>	<u>\$ 358,629</u>	<u>\$ 4,892,566</u>

See Notes to Financial Statements

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY AND AFFILIATE

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Child Services</u>	<u>Community Services</u>	<u>Energy Assistance</u>	<u>Housing</u>	<u>Weatherization</u>	<u>Total Program Services</u>	<u>Intermediate (Allocation) Pools</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Payroll	\$ 2,951,365	\$ 644,816	\$ 388,986	\$ 920,193	\$ 164,650	\$ 5,070,010	\$ 73,067	\$ 681,722	\$ 121,545	\$ 5,946,344
Payroll taxes	247,208	57,069	32,974	75,584	12,672	425,507	6,311	63,162	9,833	504,813
Fringe benefits	205,921	34,528	30,366	72,552	19,799	363,166	82	37,953	5,220	406,421
Retirement	14,995	2,162	1,569	6,445	761	25,932	752	5,767	75	32,526
Weatherization material, fuel and client assistance	119,381	20,588	3,606,402	29,909,257	1,514,988	35,170,616	-	-	-	35,170,616
In-kind expenses	14,772	968,268	-	-	-	983,040	-	-	5,040	988,080
Consultants and contract labor	166,829	14,565	2,692	212,431	1,597	398,114	99,599	139,998	12,755	650,466
Consumable supplies	206,399	205,366	9,582	35,892	8,549	465,788	42,120	18,091	3,958	529,957
Occupancy	704,886	70,467	41,243	141,580	18,043	976,219	(670,668)	69,769	6,201	381,521
Repairs and maintenance	39,766	23,938	7,541	10,406	2,763	84,414	440,423	660	2,194	527,691
Insurance	71,667	11,150	1,610	22,841	2,431	109,699	25,811	52,785	259	188,554
Training and conferences	80,246	5,551	2,526	7,834	17,205	113,362	119	26,440	41,454	181,375
Depreciation	80,133	34,099	391	34,641	4,328	153,592	-	85,443	-	239,035
Travel and transportation	42,327	4,808	89	11,836	6,722	65,782	(12,356)	4,699	769	58,894
Printing and postage	3,723	55	10,850	348	96	15,072	-	11,043	5,576	31,691
Equipment and computer	-	-	6,588	24,285	10,544	41,417	29,326	-	1,310	72,053
Interest expense	-	10,658	10,141	12,037	3,070	35,906	5,982	81,815	1,438	125,141
Indirect	105,441	-	-	-	-	105,441	-	(105,441)	-	-
Other program support	65,716	15,314	4,774	38,134	3,761	127,699	(40,568)	5,743	1,619	94,493
Total expenses	<u>\$ 5,120,775</u>	<u>\$ 2,123,402</u>	<u>\$ 4,158,324</u>	<u>\$ 31,536,296</u>	<u>\$ 1,791,979</u>	<u>\$ 44,730,776</u>	<u>\$ -</u>	<u>\$ 1,179,649</u>	<u>\$ 219,246</u>	<u>\$ 46,129,671</u>

See Notes to Financial Statements

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Child Services</u>	<u>Community Services</u>	<u>Energy Assistance</u>	<u>Housing</u>	<u>Weatherization</u>	<u>Workforce Development</u>	<u>Total Program Services</u>	<u>Intermediate (Allocation) Pools</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Payroll	\$ 2,611,252	\$ 768,110	\$ 282,483	\$ 463,574	\$ 123,279	\$ 2,317	\$ 4,251,015	\$ 89,319	\$ 577,712	\$ 14,794	\$ 4,932,840
Payroll taxes	230,588	66,376	24,924	40,252	8,988	228	371,356	7,893	46,473	1,406	427,128
Fringe benefits	190,915	38,183	17,619	31,419	15,094	269	293,499	3,398	55,482	1,224	353,603
Retirement	13,216	3,001	1,223	3,377	332	12	21,161	274	(3,843)	104	17,696
Weatherization material, fuel and client assistance	63,377	140,408	2,052,544	9,909,048	2,218,930	-	14,384,307	-	-	-	14,384,307
In-kind expenses	573,046	324,950	-	60	-	-	898,056	-	-	-	898,056
Consultants and contract labor	239,299	52,738	4,627	19,672	860	79	317,275	16,516	164,175	15,574	513,540
Consumable supplies	213,448	229,104	430	7,742	23,112	-	473,836	23,939	9,941	922	508,638
Occupancy	612,028	175,280	31,758	87,818	17,134	884	924,902	(450,603)	42,136	1,729	518,164
Repairs and maintenance	48,939	4,881	12,782	48,073	945	-	115,620	296,872	12,260	2,476	427,228
Insurance	83,971	9,598	1,312	24,905	6,157	4	125,947	12,208	43,416	107	181,678
Meetings, events and training	80,601	9,164	394	762	10,774	-	101,695	1,404	13,052	20,573	136,724
Depreciation	79,670	18,502	391	23,390	4,328	-	126,281	-	70,500	-	196,781
Travel	19,408	1,677	-	989	1,689	-	23,763	(5,501)	587	30	18,879
Printing and postage	3,380	265	7,202	403	254	-	11,504	1,275	4,813	4,638	22,230
Equipment and computer	27,793	95,608	7,677	39,490	46,908	-	217,476	4,223	(82,364)	550	139,885
Interest expense	76,249	8,070	13,621	8,314	4,917	-	111,171	6,377	18,489	899	136,936
Other program support	38,823	50,206	454	5,635	-	-	95,118	(7,594)	19,273	3,215	110,012
Indirect costs	<u>45,536</u>	<u>40,785</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,321</u>	<u>-</u>	<u>(86,321)</u>	<u>-</u>	<u>-</u>
 Total expenses	 <u>\$ 5,251,539</u>	 <u>\$ 2,036,906</u>	 <u>\$ 2,459,441</u>	 <u>\$ 10,714,923</u>	 <u>\$ 2,483,701</u>	 <u>\$ 3,793</u>	 <u>\$ 22,950,303</u>	 <u>\$ -</u>	 <u>\$ 905,781</u>	 <u>\$ 68,241</u>	 <u>\$ 23,924,325</u>

See Notes to Financial Statements

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY AND AFFILIATE

**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	\$ 48,081	\$ 997,083
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Contribution of building improvements	-	(170,288)
Depreciation	239,035	196,781
Loss (gain) on disposal of property	(27,491)	51,681
Forgiveness of debt - Paycheck Protection Program	-	(97,500)
Decrease (increase) in assets:		
Accounts receivable	(426,641)	138,692
Contributions receivable	(37,400)	25,800
Inventory	9,780	(285,299)
Prepaid expenses	(15,380)	(348)
Other current assets	1,334	(1,334)
Security deposits	42	(3,143)
Other noncurrent assets	-	1,997
Increase (decrease) in liabilities:		
Accounts payable	(475,081)	(576,646)
Accrued payroll and related taxes	(7,229)	47,565
Accrued compensated absences	60,294	14,126
Deferred revenue	-	(107,606)
Refundable advances	630,909	477,574
Other current liabilities	73,462	(1,318)
Security deposits	-	3,201
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>73,715</u>	<u>711,018</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(506,141)	(323,975)
Proceeds on sale of property	600,000	-
Acquisition of property from Dover Daycare Learning Center	-	(590,900)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>93,859</u>	<u>(914,875)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings of long-term debt	-	326,463
Payments made on long-term debt	(352,539)	(48,188)
Net repayments on demand note payable	-	(105,377)
Assumption of debt of Dover Daycare Learning Center	-	284,176
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(352,539)</u>	<u>457,074</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(184,965)	253,217
CASH AND RESTRICTED CASH, BEGINNING OF YEAR	<u>1,569,528</u>	<u>1,316,311</u>
CASH AND RESTRICTED CASH, END OF YEAR	<u>\$ 1,384,563</u>	<u>\$ 1,569,528</u>
CASH AND RESTRICTED CASH		
Cash	\$ 1,355,108	\$ 1,550,537
Restricted cash:		
Insurance escrow	9,193	5,493
Tax escrow	5,952	1,125
Replacement reserves	4,363	2,501
Operating reserve	<u>9,947</u>	<u>9,872</u>
Total cash and restricted cash	<u>\$ 1,384,563</u>	<u>\$ 1,569,528</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 121,765</u>	<u>\$ 133,966</u>

See Notes to Financial Statements

**COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY
AND AFFILIATE**

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Principles of Consolidation

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

Academy Street Family Housing, LLC (Academy Street) is a limited liability company which is consolidated because the Agency controls 100% of the voting power of Academy Street. Academy Street leases property from the Agency under a lease agreement for an annual rent amount of \$1. The lease expires during April 2045. Unless either party serves the other with a 180 day written notice prior to the expiration of the initial term, at the end of the initial term, the lease shall be automatically extended for an additional 25 year term. All significant intercompany items and transactions have been eliminated from the consolidated financial statements.

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

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY
AND AFFILIATE

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Basis of Accounting

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

Financial Statement Presentation

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

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

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

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

At December 31, 2022 and 2021, the Agency had net assets without donor and with donor restrictions.

Refundable Advances

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

**COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY
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Contributions

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

Contributed Services

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

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

Fair Value of Financial Instruments

Unless otherwise indicated, fair values of all reported assets and liabilities that are financial instruments approximate the carrying values of such amounts.

Inventory

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

Property and Depreciation

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

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

Depreciation expense aggregated \$239,035 and \$196,781 for the years ended December 31, 2022 and 2021, respectively.

Accrued Earned Time

The Agency has accrued a liability of \$205,528 and \$145,234 at December 31, 2022 and 2021, respectively, for future compensated leave time that its employees have earned and which is vested with the employee.

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Income Taxes

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

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

Cash and Cash Equivalents

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

Revenue Recognition Policy

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

Academy Street derives revenue 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. Control of the leased units is transferred to the lessee in an exchange for the leased units. The cost incurred to obtain a lease will be expensed as incurred.

Use of Estimates

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

Advertising Expenses

The Agency expenses advertising costs as they are incurred. Total advertising costs for the years ended December 31, 2022 and 2021 amounted to \$72,759 and \$32,082, respectively.

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY
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CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Debt Issuance Costs

As required under FASB Accounting Standards Update No. 2015-03, amortization expense for the years ended December 31, 2022 and 2021 amounted to \$3,376 and \$2,970 and has been included with interest expense in the consolidated statement of activities for each year. The unamortized deferred financing costs have been included as a reduction of the long term debt (see **Note 9**).

In-kind Contributions

The Agency pays below-market rent for the use of certain facilities. In accordance with generally accepted accounting principles, the difference between amounts paid for the use of the facilities and the fair value of the rental space has been recorded as an in-kind donation and as an in-kind expense in the accompanying financial statements. The estimated fair value of the donation was determined to be \$14,772 and \$185,979 for the years ended December 31, 2022 and 2021, respectively.

The Agency also receives contributed food commodities and other goods that are required to be recorded in accordance with FASB ASC No. 958. The estimated fair value of these food commodities and goods was determined to be \$968,268 and \$5,040, respectively, for the year ended December 31, 2022. For the year ended December 31, 2021, the estimated fair value of these food commodities and goods was determined to be \$594,404 and \$3,895, respectively.

The Agency also receives contributed professional services that are required to be recorded in accordance with FASB ASC No. 958. The estimated fair value of these services was determined to be \$113,778 for the year ended December 31, 2021. There were no contributed professional services for the year ended December 31, 2022.

Functional Allocation of Expenses

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

The expenses that are allocated include the following:

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

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New Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases, 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. In consideration of the most recent deferral of the ASU effective date as of the date of these financial statements, the ASU is effective for financial statements issued for fiscal years beginning after December 15, 2021 with early adoption permitted, using a modified retrospective approach. The Agency adopted the provisions of ASU 2016-02 during 2022.

In September 2020, the FASB 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.

NOTE 2. PROPERTY

As of December 31, 2022 and 2021, property consisted of the following:

	<u>2022</u>	<u>2021</u>
Land, buildings and improvements	\$ 6,181,672	\$ 6,324,193
Furniture, equipment and machinery	398,645	340,883
Vehicles	<u>350,136</u>	<u>350,136</u>
Total	6,930,453	7,015,212
Less accumulated depreciation	<u>1,125,834</u>	<u>905,190</u>
Net property	<u>\$ 5,804,619</u>	<u>\$ 6,110,022</u>

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NOTE 3. RESTRICTED CASH BALANCES

Certain cash accounts have been established and are being funded in accordance with a regulatory agreement entered into between Academy Street and New Hampshire Housing as discussed below. All reserves are required to be held in qualified New Hampshire financial institutions that are insured by the FDIC.

Operating Reserve

Under the regulatory agreement, Academy Street is required to establish an operating reserve. The operating reserve was established during the year ended December 31, 2021 and funded during the year ended December 31, 2022.

Replacement Reserve

Under the regulatory agreement, Academy Street is required to set aside amounts for the replacement of property and other expenditures approved by New Hampshire Housing. Additionally, Academy Street is required to make monthly payments to the reserve. The reserve was properly funded during 2022 and 2021.

Insurance and Real Estate Tax Escrows

Academy Street is required to establish a reserve to fund tax and insurance payments in the project. Amounts are to be deposited on a monthly basis to accrue a sufficient balance to pay future tax and insurance bills of the project. As of December 31, 2022 and 2021, the balance in the reserves for tax and insurance escrows was properly funded.

NOTE 4. LIQUIDITY AND AVAILABILITY

The following represents the Agency's financial assets as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,355,108	\$ 1,550,537
Accounts receivable	2,556,852	2,130,211
Contributions receivable	50,000	12,600
Restricted cash	<u>29,455</u>	<u>18,991</u>
Total financial assets	3,991,415	3,712,339
Less amounts not available to be used within one year:		
Restricted cash	29,455	18,991
Board designated funds	<u>307,315</u>	<u>307,315</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,654,645</u>	<u>\$ 3,386,033</u>

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

NOTE 5. ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for uncollectible accounts was estimated to be zero at December 31, 2022 and 2021. The Agency has no policy for charging interest on overdue accounts.

NOTE 6. CONTRIBUTIONS RECEIVABLE

Contributions receivable represent promises to give, which have been made by donors but have not yet been received by the Agency. The Agency considers contributions receivable to be fully collectible; accordingly, no allowance for contributions receivable has been recorded.

Total unconditional promises to give were as follows at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Within one year	\$ 30,000	\$ 8,500
In two to five years	<u>20,000</u>	<u>4,100</u>
	<u>\$ 50,000</u>	<u>\$ 12,600</u>

NOTE 7. PLEDGED ASSETS

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

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY
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CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
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NOTE 8. DEMAND NOTE PAYABLE

The Agency has available a revolving line of credit with a bank in the amount of \$250,000. The note is payable upon demand. Interest is stated at the prime rate plus 1% which resulted in an interest rate of 8.50% at December 31, 2022 and 4.25% at December 31, 2021. The note is collateralized by all the assets of the Agency. There was no outstanding balance on the demand note payable as of December 31, 2022 and 2021.

NOTE 9. LONG TERM DEBT

The long term debt at December 31, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Mortgage payable to Kennebunk Savings Bank which had interest only payments for 36 months followed by principal and interest payments for 264 months. During the year ended December 31, 2022 the note was refinanced to a fixed interest rate of 4.25% for the first ten years resulting in monthly principal and interest payments of \$11,170. On April 26, 2032, and on that date every year thereafter, principal and interest payments will adjust to 1.50% above the highest U.S Prime Rate as published in the Wall Street Journal on the applicable change date, with a floor rate of 4%. The note matures in 2043. The mortgage payable is secured by real estate.	\$ 1,846,509	\$ 1,909,874
5.00% notes payable to the New Hampshire Community Loan Fund with monthly principal and interest payments of \$3,251, maturing October 2037. The notes are secured by real estate.	406,854	668,143
5.75% note payable to First Seacoast Bank with monthly principal and interest payments of \$493. The note was secured by real estate and was paid off during 2022.	-	31,261
Non-interest bearing note payable to New Hampshire Housing deferred until April 21, 2060 or until the project is sold, refinanced or surplus cash is available. The note is secured by real estate.	785,889	785,889

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	<u>2022</u>	<u>2021</u>
Non-interest bearing note payable to New Hampshire Housing deferred until July 1, 2051 or until the project is sold, refinanced or surplus cash is available. The note is secured by real estate.	<u>25,755</u>	<u>25,755</u>
Total long term debt before current portion of long term debt and unamortized debt issuance costs	3,065,007	3,420,922
Current portion of long term debt	(95,690)	(134,868)
Unamortized debt issuance costs	<u>(60,833)</u>	<u>(64,209)</u>
Total long term debt	<u>\$ 2,908,484</u>	<u>\$ 3,221,845</u>

The schedule of maturities of long term debt at December 31, 2022 is as follows:

<u>Year Ended December 31</u>	<u>Amount</u>
2023	\$ 95,690
2024	79,218
2025	82,809
2026	86,562
2027	90,488
Thereafter	<u>2,630,240</u>
Total	<u>\$ 3,065,007</u>

NOTE 10. NET ASSETS

At December 31, 2022 and 2021, net assets with donor restrictions consisted of the following:

	<u>2022</u>	<u>2021</u>
Building campaign	\$ -	\$ 59,447
Whole family	42,755	67,355
COVID related	120,546	124,546
Homeless outreach	-	8,317
Fuel assistance	142,484	80,164
Weatherization	<u>-</u>	<u>18,800</u>
Total	<u>\$ 305,785</u>	<u>\$ 358,629</u>

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At December 31, 2022 and 2021, net assets without donor restrictions consisted of the following:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ 4,327,547	\$ 4,226,622
Board designated	<u>307,315</u>	<u>307,315</u>
Total net assets without donor restrictions	<u>\$ 4,634,862</u>	<u>\$ 4,533,937</u>

NOTE 11. OPERATING LEASES

Facilities occupied by the Agency for its community service programs are rented under the terms of various leases. For the years ended December 31, 2022 and 2021, the annual lease/rent expense for the leased facilities was \$90,501 and \$250,736, respectively.

The Agency accounts for its operating leases under FASB ASC 842. As such, a right of use ("ROU") asset and corresponding lease liability are recorded in the statement of financial position. ROU assets represent the Agency's right to use an underlying asset for the lease term and the lease liabilities represent their obligation to make the lease payments arising from the lease.

Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The discount rate related to the Agency's lease liability as of December 31, 2022 was 3.75%, which is based upon the risk free borrowing rates commensurate with the lease term. At December 31, 2022, the right of use asset and liability is \$146,825.

Common expenses, classified as occupancy costs in the accompanying consolidated financial statements, are considered a non-lease component under FASB ASC 842 and are recognized as costs as incurred.

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Lease liability maturities as of December 31, 2022 is as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Amount</u>
2023	\$ 69,901
2024	38,401
2025	6,901
2026	6,901
2027	6,901
Thereafter	<u>31,044</u>
Total undiscounted lease liability	160,049
Less imputed interest	<u>(13,224)</u>
Total lease liability	<u>\$ 146,825</u>

NOTE 12. RETIREMENT PLAN

The Agency maintains a 403(b) Plan and Trust (the Plan) covering substantially all employees. Employee contributions to the Plan are made at predetermined rates elected by employees. Additionally, the Agency provides a matching contribution equal to 25% of the employee's contribution up to 5% of the employee's compensation. Effective April 1, 2016, the Agency instituted an auto enrollment feature mandating a minimum 1% employee contribution; however, employees reserve the right to decline the auto enrollment. Employer matching contributions for the years ended December 31, 2022 and 2021 totaled \$32,526 and \$17,696, respectively.

NOTE 13. CONCENTRATION OF RISK

The Agency receives a majority of its support from federal and state governments. For the years ended December 31, 2022 and 2021, approximately 96% and 91%, respectively, of the Agency's total revenue was received from federal and state governments. If a significant reduction in the level of support were to occur, it would have a significant effect on the Agency's programs and activities.

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY
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NOTE 14. CONCENTRATION OF CREDIT RISK

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

NOTE 15. CONTINGENCIES

The Agency receives grant funding from various sources. Under the terms of these agreements, the Agency is required to use the funds within a certain period and for purposes specified by the governing laws and regulations. If expenditures were found not to have been made in compliance with the laws and regulations, the Agency might be required to repay the funds. No provisions have been made for this contingency because specific amounts, if any, have not been determined or assessed as of December 31, 2022 and 2021.

NOTE 16. RENTAL INCOME RECEIVABLE

During the year ended December 31, 2022, and subsequent to year end, Academy Street entered into four separate rental agreements for use of their four apartments. The rental agreements have differing expirations ranging from April 2023 through April 2024. Monthly payments for the agreements ranged from \$1,168 to \$1,394 and are due the first day of each month.

The approximate future rental payments owed on the above leases are as follows:

<u>Year Ended</u> <u>December 31</u>	<u>Amount</u>
2023	\$ 36,678
2024	<u>11,152</u>
Total	<u>\$ 47,830</u>

NOTE 17. PAYCHECK PROTECTION PROGRAM

During 2020, the Agency received funds under the Payroll Protection Program (PPP). The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES ACT). The PPP provided loans for qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintained its payroll levels. The amount of the loan forgiveness may be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period.

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FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

During the year ended December 31, 2021, the Agency applied for and received full forgiveness and therefore, recognized \$97,500 as grant revenue in the accompanying consolidated statement of activities for the year ended December 31, 2021.

NOTE 18. DOVER DAYCARE LEARNING CENTER

During the year ended December 31, 2021, the Agency acquired all of the assets and liabilities of Dover Daycare Learning Center (the Center). Total assets and liabilities acquired were approximately \$591,000 and \$284,000, respectively. The Agency received \$391,856 in revenue as a result of the acquisition, which is included in other revenue in the accompanying consolidated statement of activities for the year ended December 31, 2021.

NOTE 19. BUILDING IMPROVEMENT CONTRIBUTION

During the year ended December 31, 2021, Academy Street received a contribution in the form of building improvements to the property from a weatherization program managed by the Agency. The improvements totaled \$170,288 and are recorded as property and other revenue in the December 31, 2021 financial statements.

NOTE 20. RECLASSIFICATIONS

Certain reclassifications have been made to the prior year's financial statements, which was taken from the December 31, 2021 financial statements, to conform to the current year presentation.

NOTE 21. SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date, but before financial statements are available to be issued. Recognized subsequent events are events or transactions that provide additional evidence about conditions that existed at the statement of financial position date, including the estimates inherent in the process of preparing financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the statement of financial position date but arose after that date. Management has evaluated subsequent events through June 15, 2023, the date the consolidated financial statements were available for issuance.

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY AND AFFILIATE

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022**

	<u>CAPSC</u>	<u>Academy Street Family Housing, LLC</u>	<u>Total</u>	<u>Consolidating Adjustments</u>	<u>Consolidated</u>
<u>ASSETS</u>					
CURRENT ASSETS					
Cash and cash equivalents	\$ 1,281,098	\$ 74,010	\$ 1,355,108	\$ -	\$ 1,355,108
Accounts receivable	2,555,440	1,412	2,556,852	-	2,556,852
Contributions receivable	50,000	-	50,000	-	50,000
Due from affiliate	9,123	-	9,123	(9,123)	-
Inventory	501,752	-	501,752	-	501,752
Prepaid expenses	52,046	-	52,046	-	52,046
Current portion of right of use asset	65,513	-	65,513	-	65,513
Total current assets	<u>4,514,972</u>	<u>75,422</u>	<u>4,590,394</u>	<u>(9,123)</u>	<u>4,581,271</u>
NONCURRENT ASSETS					
Restricted cash	-	29,455	29,455	-	29,455
Security deposits	5,226	3,201	8,427	-	8,427
Property, net of accumulated depreciation	4,932,628	871,991	5,804,619	-	5,804,619
Other noncurrent assets	25,503	-	25,503	-	25,503
Right of use asset, less current portion shown above	81,312	-	81,312	-	81,312
Total noncurrent assets	<u>5,044,669</u>	<u>904,647</u>	<u>5,949,316</u>	<u>-</u>	<u>5,949,316</u>
TOTAL ASSETS	<u>\$ 9,559,641</u>	<u>\$ 980,069</u>	<u>\$ 10,539,710</u>	<u>\$ (9,123)</u>	<u>\$ 10,530,587</u>
<u>LIABILITIES AND NET ASSETS</u>					
CURRENT LIABILITIES					
Current portion of long term debt	\$ 75,785	\$ 19,905	\$ 95,690	\$ -	\$ 95,690
Accounts payable	425,562	20,396	445,958	-	445,958
Accrued payroll and related taxes	129,018	-	129,018	-	129,018
Accrued compensated absences	205,528	-	205,528	-	205,528
Due to affiliate	-	9,123	9,123	(9,123)	-
Refundable advances	1,581,774	-	1,581,774	-	1,581,774
Other current liabilities	72,704	758	73,462	-	73,462
Current portion of right of use liability	65,513	-	65,513	-	65,513
Total current liabilities	<u>2,555,884</u>	<u>50,182</u>	<u>2,606,066</u>	<u>(9,123)</u>	<u>2,596,943</u>
NONCURRENT LIABILITIES					
Long term debt, less current portion shown above	2,133,018	775,466	2,908,484	-	2,908,484
Security deposits	-	3,201	3,201	-	3,201
Right of use liability, less current portion shown above	81,312	-	81,312	-	81,312
Total noncurrent liabilities	<u>2,214,330</u>	<u>778,667</u>	<u>2,992,997</u>	<u>-</u>	<u>2,992,997</u>
Total liabilities	<u>4,770,214</u>	<u>828,849</u>	<u>5,599,063</u>	<u>(9,123)</u>	<u>5,589,940</u>
NET ASSETS					
Without donor restrictions	4,483,642	151,220	4,634,862	-	4,634,862
With donor restrictions	305,785	-	305,785	-	305,785
Total net assets	<u>4,789,427</u>	<u>151,220</u>	<u>4,940,647</u>	<u>-</u>	<u>4,940,647</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,559,641</u>	<u>\$ 980,069</u>	<u>\$ 10,539,710</u>	<u>\$ (9,123)</u>	<u>\$ 10,530,587</u>

See Notes to Financial Statements

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY AND AFFILIATE

**CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>CAPSC</u>	<u>Academy Street Family Housing, LLC</u>	<u>Consolidated</u>
CHANGE IN NET ASSETS			
REVENUES AND OTHER SUPPORT			
Grant revenue	\$ 42,329,510	\$ -	\$ 42,329,510
Fees for service	1,976,344	-	1,976,344
Rent revenue	-	58,600	58,600
Public support	628,345	-	628,345
In-kind donations	988,080	-	988,080
Interest	199	203	402
Fundraising	167,764	-	167,764
Other revenue	1,216	-	1,216
Gain on disposal of property	27,491	-	27,491
	<u>46,118,949</u>	<u>58,803</u>	<u>46,177,752</u>
Total revenues and other support			
	<u>46,118,949</u>	<u>58,803</u>	<u>46,177,752</u>
EXPENSES			
Program services			
Child services	5,120,775	-	5,120,775
Community services	2,123,402	-	2,123,402
Energy assistance	4,158,324	-	4,158,324
Housing	31,455,192	81,104	31,536,296
Weatherization	1,791,979	-	1,791,979
	<u>44,649,672</u>	<u>81,104</u>	<u>44,730,776</u>
Total program services			
	<u>44,649,672</u>	<u>81,104</u>	<u>44,730,776</u>
Supporting activities			
Management and general	1,179,649	-	1,179,649
Fundraising	219,246	-	219,246
	<u>1,398,895</u>	<u>-</u>	<u>1,398,895</u>
Total expenses			
	<u>46,048,567</u>	<u>81,104</u>	<u>46,129,671</u>
CHANGE IN NET ASSETS	70,382	(22,301)	48,081
NET ASSETS, BEGINNING OF YEAR	<u>4,719,045</u>	<u>173,521</u>	<u>4,892,566</u>
NET ASSETS, END OF YEAR	<u>\$ 4,789,427</u>	<u>\$ 151,220</u>	<u>\$ 4,940,647</u>

See Notes to Financial Statements

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>ASSISTANCE LISTING NUMBER</u>	<u>PASS-THROUGH GRANTOR'S NAME</u>	<u>GRANTOR'S NUMBER</u>	<u>FEDERAL EXPENDITURES</u>	
<u>U.S. Department of Agriculture</u>					
Child and Adult Care Food Program	10.558	State of New Hampshire Department of Education	4300-ZZZ	\$	88,020
Child Nutrition Cluster					
Summer Food Service Program for Children	10.559	State of New Hampshire Department of Education	4300-ZZZ	\$	130,720
National School Lunch Program	10.555	State of New Hampshire Department of Education	At-Risk After School Care Centers	<u>71,833</u>	202,553
Food Distribution Cluster					
Emergency Food Assistance Program	10.569	Belknap-Merrimack Community Action Partnership	None	4,500	
Emergency Food Assistance Program (Food Commodities)	10.569	Belknap-Merrimack Community Action Partnership	None	<u>968,268</u>	<u>972,768</u>
Total U.S. Department of Agriculture				\$	<u>1,263,341</u>
<u>U.S. Department of Housing and Urban Development</u>					
Supportive Housing for the Elderly	14.157	Dover Housing Authority	Dover Housing Authority	\$	29,936
Community Development Block Grants / Entitlement Grants	14.228	Strafford County, NH CDFA	20-409-CDPS-CV		259,235
CDBG Entitlement Grants Cluster					
Community Development Block Grants / Entitlement Grants	14.218	City of Dover, New Hampshire	City of Dover	23,067	
Community Development Block Grants / Entitlement Grants	14.218	City of Rochester, New Hampshire	City of Rochester	<u>71,048</u>	94,115
CV-Emergency Solutions Grant Program	14.231	State of New Hampshire Department of Health and Human Services	05-95-42-423010-7927		91,134
Continuum of Care	14.267	State of New Hampshire Department of Health and Human Services		107,230	
Continuum of Care	14.267	State of New Hampshire Department of Health and Human Services		<u>174,283</u>	281,513
Supportive Housing Program	14.235	State of New Hampshire Department of Health and Human Services	010-092-7176-102-0415		<u>20,670</u>
Total U.S. Department of Housing and Urban Development				\$	<u>776,603</u>
<u>U.S. Department of Homeland Security</u>					
Emergency Food and Shelter National Program	97.024	United Way	593800-035	\$	<u>6,559</u>
Total U.S. Department of Homeland Security				\$	<u>6,559</u>
<u>U.S. Department of Energy</u>					
Weatherization Assistance for Low-Income Persons	81.042	State of New Hampshire Governor's Office of Energy & Community Services	01-02-02-024010-7706-074-500587	\$	<u>234,713</u>
Total U.S. Department of Energy				\$	<u>234,713</u>
<u>U.S. Department of the Treasury</u>					
Emergency Rental Assistance Program	21.023	State of New Hampshire, NHHFA		30,468,126	
Emergency Rental Assistance Program	21.023	State of New Hampshire, NHHFA	Administration	<u>223,074</u>	\$ <u>30,691,200</u>
Total U.S. Department of the Treasury				\$	<u>30,691,200</u>

See Notes to Schedule of Expenditures of Federal Awards

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH GRANTOR'S NAME	GRANTOR'S NUMBER	FEDERAL EXPENDITURES	
U.S. Department of Health & Human Services					
Aging Cluster					
Special Programs for the Aging - Title III, Part B	93.044	State of New Hampshire Division of Elderly and Adult Services	010-048-7872-512-0352	2,433	
Special Programs for the Aging - Title III, Part B	93.044	State of New Hampshire Department of Health and Human Services, NTS	05-95-48-48010-78720000-512-500352	<u>37,350</u>	\$ 39,783
Maternal, Infant, Early Childhood Homevisiting Program	93.870	State of New Hampshire Department of Health and Human Services, DPH, BPHCS, Maternal & Health Section	05-95-90-902010-5896		253,955
Promoting Safe and Stable Families	93.556	State of New Hampshire, DHHS, Division for Children, Youth and Families	05-095-042-421010-29730000-102-500734-42107306		50,233
Temporary Assistance for Needy Families	93.558	State of New Hampshire, DHHS, Division for Children, Youth and Families	05-095-045-450010-61460000-502-500891-42106603		88,610
Low-Income Home Energy Assistance	93.568	State of New Hampshire Governor's Office of Energy & Planning	01-02-02-024010-77050000-074-500587	1,218,388	
ARPA-Low-Income Home Energy Assistance	93.568	State of New Hampshire Governor's Office of Energy & Planning	01-02-02-024010-77050000-074-500587	2,812,510	
Low-Income Home Energy Assistance	93.568	State of New Hampshire Governor's Office of Energy & Planning	01-02-02-024010-77050000-074-500587	<u>396,103</u>	4,427,001
Community Services Block Grant	93.569	State of New Hampshire, DHHS, DFA	010-045-7148-093-0415	408,788	
CV-Community Services Block Grant	93.569	State of New Hampshire, DHHS, DFA	G-19B1NHCOSR	<u>120,513</u>	529,301
CCDF Cluster					
ARPA - Child Care and Development Block Grant	93.575	State of New Hampshire, DHHS	177200		99,483
Head Start Cluster					
Head Start	93.600	Direct Funding	01CH01149601 & 602, 01HP00025002	1,968,681	
Early Head Start	93.600	Direct Funding	01CH01149601C3, 01HE00051501C6	<u>1,574,807</u>	3,543,488
Maternal and Child Health Services Block Grant to States	93.994	State of New Hampshire, DHHS, Division for Children, Youth and Families	05-095-090-51900000-102-500731-90004009		13,398
Stephanie Tubbs Jones Child Welfare Program	93.645	State of New Hampshire, DHHS, Division for Children, Youth and Families	05-095-042-421010-29680000-102-500734-42106802		1,987
Social Services Block Grant	93.667	State of New Hampshire, DHHS, Division for Children, Youth and Families	05-095-042-421010-29660000-102-500734-42106603		<u>188,424</u>
Total U.S. Department of Health & Human Services				\$	<u>9,235,663</u>
TOTAL				\$	<u>42,208,079</u>

See Notes to Schedule of Expenditures of Federal Awards

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of Federal Awards (the Schedule) includes the federal award activity of Community Action Partnership of Strafford County under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Community Action Partnership of Strafford County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Agency.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. FOOD DONATION

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

NOTE 5. SUBRECIPIENTS

Community Action Partnership of Strafford County had no subrecipients for the year ended December 31, 2022.

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

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

To the Board of Directors of
Community Action Partnership of Strafford County

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Action Partnership of Strafford County (a New Hampshire nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows, and the related notes to the financial statements, and have issued our report thereon dated June 15, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Leon, McDennell & Roberts
Professional Association

Dover, New Hampshire
June 15, 2023

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

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

To the Board of Directors of
Community Action Partnership of Strafford County

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Community Action Partnership of Strafford County'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 Partnership of Strafford County's major federal programs for the year ended December 31, 2022. Community Action Partnership of Strafford County'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 Partnership of Strafford County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Community Action Partnership of Strafford County 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 Partnership of Strafford County'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 Partnership of Strafford County'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 Partnership of Strafford County'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 Partnership of Strafford County'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 Partnership of Strafford County'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 Partnership of Strafford County'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 Partnership of Strafford County'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 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 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.

Leon, McDonnell & Roberts
Professional Association

Dover, New Hampshire
June 15, 2023

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS **FOR THE YEAR ENDED DECEMBER 31, 2022**

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Community Action Partnership of Strafford County were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Community Action Partnership of Strafford County, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs are reported in the *Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance*. No material weaknesses are reported.
5. The auditors' report on compliance for the major federal award programs for Community Action Partnership of Strafford County expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that would be required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major were: U.S. Department of Agriculture, Emergency Food Assistance Program (Food Commodities), ALN 10.569 and U.S. Department of the Treasury, Emergency Rental Assistance Program, ALN 21.023.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Community Action Partnership of Strafford County was determined to not be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None

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

None