Organized Community Action Program, Inc.

FINANCIAL STATEMENTS

September 30, 2023

Table of Contents

Carr, Riggs & Ingram, LLC
1117 Boll Weevil Circle
Enterprise, AL 36330

Mailing Address:
PO Box 311070
Enterprise, AL 36331

334.347.0088
334.347.7650 (fax)
CRIcpa.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Organized Community Action Program, Inc.
Troy, Alabama

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Organized Community Action Program, Inc. (a nonprofit organization) (the Agency), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Agency as of September 30, 2023, and the changes in net assets and its cash flows for the year 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency 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 these 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency'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 Agency'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 Agency'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 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 June 30, 2024, on our consideration of the Agency'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 Agency'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 Agency's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.
Enterprise, Alabama
June 30, 2024

September 30,		2023
Assets		
Current assets		
Cash and cash equivalents	$	489,647
Investments		175,000
Accounts receivable - grants		1,847,526
Accounts receivable - others		53,645
Prepaid expenses		24,008
Total current assets		2,589,826
Non-current assets		
Accounts receivable - related party, net		390,729
Property and equipment, net		2,132,283
Total non-current assets		2,523,012
Total assets	$	5,112,838
Liabilities and Net Assets		
Current liabilities		
Ledger overdraft	$	193,631
Accounts payable		315,792
Accrued expenses		284,840
Deferred support		905,698
Current portion of note payable		21,720
Due to grantor		21,005
Total current liabilities		1,742,686
Long-term liabilities		
Note payable, less current portion		328,994
Total liabilities		2,071,680
Net assets		
Without donor restrictions		3,041,158
With donor restrictions		-
Total net assets		3,041,158
Total liabilities and net assets	$	5,112,838

For the year ended September 30,	**Without Donor Restrictions**	**With Donor Restrictions**	**2023 Total**
Revenue and Other Support			
Grant revenue	$ 12,821,428	$ -	$ 12,821,428
Development fees	41,226	-	41,226
Donations	100,827	-	100,827
Contributions In-kind	747,149	-	747,149
Interest earned	8,827	-	8,827
Miscellaneous income	8,671	-	8,671
Total revenue and other support	13,728,128	-	13,728,128
Expenses			
Program services			
Alabama Business Charitable Trust	59,132	-	59,132
Community Services Block Grant	539,215	-	539,215
Department of Children's Affairs Pre-K	333,614	-	333,614
Fatherhood	105,500	-	105,500
General Fund	20,901	-	20,901
Head Start	5,614,328	-	5,614,328
Housing Preservation	48,654	-	48,654
Local Funds	36,683	-	36,683
Low-Income Home Energy Assistance Program	4,113,346	-	4,113,346
Low-Income Home Water Assistance Program	844,818	-	844,818
U.S.D.A.	413,424	-	413,424
Weatherization	578,854	-	578,854
Total program services	12,708,469	-	12,708,469
Supporting services			
General and administrative	1,115,070	-	1,115,070
Total expenses	13,823,539	-	13,823,539
Change in net assets	(95,411)	-	(95,411)
Net assets at beginning of year	3,136,569	-	3,136,569
Net assets at end of year	$ 3,041,158	$ -	$ 3,041,158

The accompanying notes are an integral part of these financial statements.

For the year ended September 30, 2023

	Program Services						
	Alabama Business Charitable Trust	Community Services Block Grant	DCA Pre-K	Fatherhood	General Fund	Head Start	Housing Preservation
Salary and fringe benefits	$ -	$ 356,797	$ 165,481	$ 81,300	$ -	$ 3,796,071	$ 795
Travel	89	24,796	8,259	1,933	-	6,963	432
Contractual services	-	25,453	25,526	1,062	-	193,916	43,486
Contractual food	-	-	-	-	-	26,715	-
Supplies	28	11,661	82,955	296	876	220,266	1,533
Board expense	-	2,322	-	-	3,629	6,518	-
Utilities and telephone	-	18,828	-	809	-	126,199	-
Lease and rent costs	-	6,780	-	-	-	47,400	-
Printing	-	2,215	-	-	-	14,294	600
Insurance	-	13,591	-	-	-	58,343	-
Training	-	11,909	14,595	944	-	78,255	-
Parent involvement	-	-	-	-	-	14,918	-
Client assistance	59,015	54,158	494	19,156	16,396	1,065	1,808
Repairs and maintenance	-	10,043	17,722	-	-	128,028	-
Dues and subscriptions	-	-	-	-	-	2,763	-
Tax and license	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Donated services	-	-	-	-	-	15,754	-
Donated facilities, supplies and other	-	-	-	-	-	731,395	-
Total expenses before depreciation	59,132	538,553	315,032	105,500	20,901	5,468,863	48,654
Depreciation	-	662	18,582	-	-	145,465	-
Total expenses	$ 59,132	$ 539,215	$ 333,614	$ 105,500	$ 20,901	$ 5,614,328	$ 48,654

(Continued)

The accompanying notes are an integral part of these financial statements.

For the year ended September 30, 2023

	Program Services						Supporting Services	
	Local Funds	LIHEAP	LIHWAP	U.S.D.A.	Weatherization	Programs Subtotal	General and Administration	Total 2023
Salary and fringe benefits	$ -	$ 220,108	$ 94,473	$ -	$ 132,400	$ 4,847,425	$ 754,674	$ 5,602,099
Travel	1,716	1,870	334	-	980	47,372	12,106	59,478
Contractual services	3,645	25,513	(786)	-	95	317,910	77,255	395,165
Contractual food	-	-	-	410,823	-	437,538	-	437,538
Supplies	74	8,564	1,500	-	1,343	329,096	15,858	344,954
Board expense	727	-	-	-	-	13,196	42,826	56,022
Utilities and telephone	3,427	-	-	-	-	149,263	35,597	184,860
Lease and rent costs	-	-	-	-	-	54,180	-	54,180
Printing	-	1,983	-	-	-	19,092	18,109	37,201
Insurance	1,481	-	-	-	3,261	76,676	27,831	104,507
Training	1,805	-	250	-	14,762	122,520	16,053	138,573
Parent involvement	-	-	-	-	-	14,918	-	14,918
Client assistance	1,927	3,855,239	749,047	-	423,735	5,182,040	23,175	5,205,215
Repairs and maintenance	11,885	-	-	-	1,813	169,491	8,562	178,053
Dues and subscriptions	1,500	-	-	-	-	4,263	15,451	19,714
Tax and license	60	-	-	-	-	60	294	354
Interest	-	-	-	-	-	-	17,181	17,181
Miscellaneous	103	-	-	-	-	103	(300)	(197)
Donated services	-	-	-	-	-	15,754	-	15,754
Donated facilities, supplies and other	-	-	-	-	-	731,395	-	731,395
Total expenses before depreciation	28,350	4,113,277	844,818	410,823	578,389	12,532,292	1,064,672	13,596,964
Depreciation	8,333	69	-	2,601	465	176,177	50,398	226,575
Total expenses	$ 36,683	$ 4,113,346	$ 844,818	$ 413,424	$ 578,854	$ 12,708,469	$ 1,115,070	$ 13,823,539

The accompanying notes are an integral part of these financial statements.

For the year ended September 30,		2023
Operating Activities		
Change in net assets	$	(95,411)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation		226,575
Changes in operating assets and liabilities		
Accounts receivable - grants		(961,743)
Accounts receivable - others		(6,685)
Prepaid expenses		24,354
Ledger overdraft		193,631
Accounts payable		(389,702)
Due to grantor		9,846
Accrued expenses		30,921
Deferred support		80,881
Net cash provided by (used in) operating activities		(887,333)
Investing Activities		
Purchase of property and equipment		(150,239)
Net cash provided by (used in) investing activities		(150,239)
Financing Activities		
Payments on note payable		(19,074)
Net cash provided by (used in) financing activities		(19,074)
Net change in cash and cash equivalents		(1,056,646)
Cash and cash equivalents, at beginning of year		1,546,293
Cash and cash equivalents, at end of year	$	489,647

The accompanying notes are an integral part of these financial statements.

Note 1: DESCRIPTION OF THE ORGANIZATION

Organization

Organized Community Action Program, Inc. (the "Agency") is a non-profit agency engaged in the administration of federal, state, and local grants intended to aid in the reduction of the effects of poverty on the economically disadvantaged. The Agency is organized on a non-stock basis and is dependent on contributions and grants for continued operations.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to contributions in-kind and allocation of functional expenses.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Investments

The Agency's investments consist of a certificate of deposit with an original maturity of more than three months from the date of acquisition. Investments are reported at amortized cost.

Accounts Receivable - Grants

Grants receivable represent pending reimbursements of program expenses incurred as of September 30, 2023, both billed and unbilled, and expected to be received from the funding sources in the subsequent year.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable - Others

Accounts receivable - others represents monies owed from other funds, local monies, and miscellaneous receivables owed as of September 30, 2023, and expected to be received in the subsequent period.

Accounts Receivable – Related Party

Accounts receivable – related party consist of advances of funds to two partnerships, The Heatherton, Ltd. and Woodmere, Ltd. with no defined repayment terms. See Note 5 for receivable balance per partnership and allowance for credit losses established.

Allowance for Credit Losses

Management evaluates its receivables on an ongoing basis by analyzing customer relationships and previous payment histories. The allowance for credit losses is management's best estimate of the amount of expected credit losses in the existing accounts based on current market conditions. Historically, losses on uncollectible accounts have been within management's expectations. The allowance for credit losses is reviewed on a periodic basis to ensure there is sufficient reserve to cover any potential credit losses. When receivables are considered uncollectible, they are charged against the allowance for credit losses. Collections on accounts previously written off are included in the change in net assets as received. The allowance for credit losses was $296,000 at September 30, 2023.

Property and Equipment

All acquisitions of property and equipment in excess of $5,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Fixed assets purchased with federal funds are reported to the grantors as program expenses in the period purchased in order to obtain reimbursement under grant agreements. For financial reporting, these assets, with an initial cost over $5,000 are capitalized at cost and depreciated on the straight-line basis over the estimated useful lives of the assets, typically three to twenty years. Although grantor agencies may hold a reversionary interest in these assets, title rests with the Agency.

Deferred Revenue

The Agency reports deferred revenue, if applicable, on its statement of financial position. Deferred revenues arise when resources are received by the Agency before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met, or when the Agency has a legal claim to the resources, the liability for deferred revenue is removed from the statement of financial position and revenue is recognized.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The Agency leases office space, classroom space and equipment. The Agency determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities the statements of financial position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on the statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make 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. As most of the leases do not provide an implicit rate, the Agency uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Net Assets

The Agency reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Agency, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity. As of September 30, 2023, there were no net assets with donor restrictions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Program service fees and payments under cost-reimbursable contracts are recognized as revenue when performance obligations under the terms of the contracts with customers are satisfied.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly removed the conditions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

The Agency also receives funding from federal, state and local grants and contracts, which are conditioned upon certain performance requirements and/or occurrence of allowable qualifying expenses. Revenues are recognized when the Agency performs the contracted services or incurs expenditures in compliance with specific contract or grant provisions. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

The funding for the Agency's operations is significantly dependent on the receipt of federal and state grants. For the year ended September 30, 2023, approximately 90% of grant revenues were provided by the U.S. Department of Health and Human Services through direct or pass-through entities. It is always considered reasonable possible that a customer, grantor, or contributor will be lost in the near term.

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Agency. Volunteers also provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited in accordance with the Agency's indirect cost allocation plan. The Agency uses direct salaries and wages including vacation, holiday, sick pay, and other paid absences but excluding all other fringe benefits as the base along with the approved indirect cost rate to allocate indirect costs to programs and supportive services. General and administrative expenses include those expenses that provide for the overall support and direction of the Agency.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

The Agency uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the year ended September 30, 2023, advertising costs were not material to the financial statements.

Income Taxes

The Agency has been granted an exemption from income taxes under Internal Revenue Code Section 501(c)(3) as a non-profit corporation. As required by Internal Revenue Service regulations, the Agency annually files Form 990 "Return of Agency Exempt from Income Tax" with the Internal Revenue Service. The Agency's policy is to record interest and penalties related to taxes in interest expense on the financial statement; however, the Agency did not incur any interest or penalties related to taxes in fiscal year 2023.

The Agency utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740*, Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of September 30, 2023, the Agency has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued June 30, 2024, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Agency adopted the standard effective October 1, 2022 and recognized and measured leases existing at, or entered into after, October 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. The standard did not have a material impact on the Agency's statement of financial position, statement of activities, or statement of cash flows.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (continued)

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which is often referred to as the CECL model, or current expected credit losses. Among other things, the amendments in this ASU require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. Many of the loss estimation techniques applied today will still be permitted, Although the inputs to those techniques will change to reflect the full amount of expected credit losses. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration.

The Agency adopted ASU 2016-13 on October 1, 2022. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The Agency maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Agency's expenditures come due. The following reflects the Agency's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

September 30,	2023
Total assets at year end	$ 5,112,838
Less non-financial assets	
Prepaid expenses	(24,008)
Accounts receivable - related party partnerships, net	(390,729)
Property and equipment, net	(2,132,283)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,565,818

The Agency is principally supported by its grants and fees charged for the services it provides. Cash required for operating needs and contractual commitments is drawn-down from the grantor to meet current commitments. The funds are generally available within a day of the request for payment.

Note 4: ACCOUNTS RECEIVABLE - GRANTS

Accounts receivable - grants consist of the following:

September 30,	Grant ID		2023
Child and Adult Care Food Program	9/30/2023	$	87,161
Low Income Home Energy Assistance	LI-010-23		244,165
Low Income Home Energy Assistance	LIWAP-010-23		19,854
Low Income Household Water Assistance Program	LW-010-ARP		461,799
Community Services Block Grant	CS-010-23		201
Weatherization Assistance for Low Income Persons	DOE-010-BIL		17,917
Rural Housing Preservation Grant	FY 23/24		49,006
Head Start Grant	04CH011514-04-01		785,380
Early Head Start Grant	04CH011514-04-01		114,709
Head Start Grant	04HE001175-01-C6		67,334
Total		$	1,847,526

Note 5: ACCOUNTS RECEIVABLE – RELATED PARTY

Accounts receivable – related party consists of the following:

September 30,		2023
The Heatherton, Ltd.	$	386,013
Woodmere, Ltd.		300,716
Total accounts receivable - related party		686,729
Less allowance for credit losses		(296,000)
Accounts receivable - related party, net	$	390,729

The Agency holds a minority interest in The Heatherton, Ltd. and Woodmere, Ltd which operate low income housing developments. The Agency has advanced funds to these related parties to cover operating deficits. There are no defined repayment terms and no interest is being charged or accrued in relation to these receivables. The receivables are due to be repaid through cash from operations or the proceeds from refinance or sale of the projects. The allowance for credit losses for these advances totaled $296,000 at September 30, 2023.

Note 6: PROPERTY AND EQUIPMENT

The components of property and equipment at September 30, 2023, are as follows:

	Estimated Useful Live (in years)		2023
Building and related improvements	15 - 31.5	$	3,464,274
Furniture, fixtures and equipment	5 - 10		1,007,741
Vehicles	5		242,163
Total depreciable property and equipment			4,714,178
Less accumulated depreciation			(2,701,158)
Total depreciable property and equipment, net			2,013,020
Land			119,263
Total property and equipment, net		$	2,132,283

Depreciation expense for the year ended September 30, 2023 amounted to $ 226,575.

Note 7: ACCRUED EXPENSES

Accrued expenses consisted of the following:

September 30,		2023
Payroll	$	162,983
Retirement		14,032
Vacation leave		82,070
Miscellaneous		25,755
Total	$	284,840

Vacation Leave

The Agency's policy and procedures, adopted by the Board of Directors, states that upon separation from service an employee shall be paid for the actual number of days annual leave the person has earned, up to a maximum of twenty days (160 hours).

Note 8: DEFERRED SUPPORT

Deferred support consists of the following:

September 30,	Grant ID	2023
Alabama Business Charitable Trust Fund		
Emergency Assistance Program	2023	$ 3,662
ABC Readiness	2023	8,000
ABC Trust Efficiency	Various	5,000
DHR-Quality Rating and Improvement System Pilot Program	QRIS-BONUS-2022	100,112
DHR-Quality Rating and Improvement System Pilot Program	QRIS-BONUS-2023	79,000
Low Income Home Energy Assistance	LIHEAP-010-23-Crisis	160,727
Lowndes County Commission	ARP	26,047
Temporary Assistance for Stabilizing Child Care Grant	TASCC-4	502,022
Weatherization Assistance for Low Income Persons	DOE-010-23	21,124
Miscellaneous grants	Various	4
Total		$ 905,698

Note 9: DUE TO GRANTOR

Due to grantor consists of the following:

September 30,	Grant ID	2023
Alabama Business Charitable Trust Fund		
Emergency Assistance Program	Various	$ 3,365
Emergency Food & Shelter	Phase 33 & 36	178
Low Income Home Energy Assistance	Various	11,225
Bullock County Commission	ARP	300
Low Income Home Energy Assistance - ARP	LI-010-ARP	2,696
Low Income Home Energy Assistance - Cares	LI-010-CARES	2,265
Low Income Household Water Assistance Program	LW-010-CONS	976
Total		$ 21,005

Note 10: LONG-TERM DEBT

Long-term debt at September 30, 2023, consists of the following:

September 30,		2023
Commercial real estate loan to Troy Bank & Trust, bearing interest at 4.25% with monthly payments of $3,021.29, including principal and interest, maturing January 2036, collateralized by real property at 507 North Three Notch Street Troy, AL 36081		350,714
Less current portion		(21,720)
Long-term debt, less current portion	$	328,994

Interest expense related to the note agreement was $17,181 for the year ended September 30, 2023.

Maturities of long-term debt subsequent to September 30, 2023 consists of the following:

For the years ending September 30,		
2024	$	21,720
2025		22,715
2026		23,713
2027		24,756
2028		25,814
Thereafter		231,996
Total	$	350,714

Note 11: CONTRIBUTIONS IN-KIND

All contributions in-kind were utilized by the Agency's program services. There were no donor-imposed restrictions associated with the contributions.

Donations per grant for the year ended September 30, 2023, were as follows:

	Pre-K	Head Start	Total
Facilities	$ -	$ 380,999	$ 380,999
Professional services	-	15,754	15,754
Program Supplies	-	350,396	350,396
In-kind contributions reflected in statement of activities	-	747,149	747,149
Nonprofessional services	249,857	524,093	773,950
Total in-kind contributions	$ 249,857	$ 1,271,242	$ 1,521,099

The program supplies category includes donations of classroom material and supplies. These supplies are valued at cost.

The professional services category includes the services of attorneys, speech therapists, dentists, and doctors. These services are valued at professional billable rates for time incurred and donated.

The facilities category is comprised of land and building space and is needed to operate the programs administered by the Agency. The revenue is calculated based on estimated fair market rental values of space used.

The Agency also receives non-professional services from volunteers and other local agencies and individuals whose contributions do not meet the criteria for recognition as stated in Note 2. Therefore, the value of these contributions is not included in the financial statements.

Note 12: CONCENTRATIONS OF CREDIT RISK

Cash

The provisions of FASB ASC 825-10-50-21, Financial Instruments, identify deposits in excess of federally insured limits as a concentration of credit risk requiring disclosure, regardless of the degree of risk. At times, the Agency has on deposit funds in excess of the FDIC maximum coverage of $250,000. The Agency manages these risks by maintaining all deposits in high quality financial institutions. At September 30, 2023, the balance above the FDIC coverage totaled $746,911.

Note 13: CONTINGENCIES

The Agency relies on funding from federal, state and local government sources. Discontinuation of, or a significant reduction in the level of this funding would directly impact the Agency's activities and programs.

Note 13: CONTINGENCIES (Continued)

The Agency is a general partner in a limited liability partnership, which operates a low-income multi-family apartment complex in south central Alabama (the “property”). The Agency’s investment in the partnership is immaterial and therefore not recorded in the financial statements. An initial environmental study was conducted on the property, which indicated possible contamination in the soil that may require environmental remediation. The Agency has been in the process of applying to participate in the Voluntary Cleanup Program administered by the Alabama Department of Environmental Management (“ADEM”). ADEM has under consideration a proposal to perform additional sampling of soil and groundwater on the property in an effort to determine what, if any, areas of the property may require remediation. While the environmental consultant has provided some ranges of estimates associated with performing remediation, if needed, an actual cost associated cannot be established. At this time, it is not possible to determine the extent or cost of any remediation that may be determined necessary by ADEM. Therefore, no accrual for remediation costs have been included in these financial statements.

Note 14: EMPLOYEE RETIREMENT PLAN

Plan Description

The Agency contributes to the Teachers’ Retirement System of Alabama (TRS), a cost-sharing multiple-employer public employee retirement plan, was established as of September 15, 1939, pursuant to the *Code of Alabama 1975, Title 16, Chapter 25* (Act 419 of the Legislature of 1939) for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions. The responsibility for the general administration and operating of TRS is vested in its Board of Control which consists of 15 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 16, Chapter 25* grants the authority to establish and amend the benefit terms to the TRS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

Substantially all employees are members of the Employees' Retirement Systems of Alabama. Membership is mandatory for covered or eligible employees of the Agency.

Plan Membership and Benefits

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the TRS. Benefits for TRS members vest after 10 years of creditable service. TRS employees who retire after age 60 with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the TRS are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 TRS members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the TRS are allowed 1.65% of their average final

Note 14: EMPLOYEE RETIREMENT PLAN (Continued)

Plan Membership and Benefits (continued)

compensation (highest 5 of the last 10 years) for each year of service up to 80% of their average final compensation.

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending June 30 are paid to a qualified beneficiary.

Contributions

Covered Tier 1 members of the TRS contributed 5% of earnable compensation to the TRS as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, covered members of the TRS were required by a statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the TRS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the TRS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the TRS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the TRS are required by statute to contribute 8.50% of earnable compensation.

Effective October 1, 2021, the covered Tier 2 members contribution rate increased from 6.0% to 6.2% of earnable compensation to the TRS as required by statute. Effective October 1, 2021, the covered Tier 2 certified law enforcement, correctional officers, and firefighters’ contribution rate increased from 7.0% to 7.2% of earnable compensation to the TRS as required by statute.

Participating employers’ contractually required contribution rate for the year ended September 30, 2023 was 12.59% of annual pay for Tier 1 members and 11.44% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability.

Note 14: EMPLOYEE RETIREMENT PLAN (Continued)

Contributions (continued)

The following tables summarizes the multiemployer plan in which the Agency participated during the year ended September 30, 2023:

Pension Plan	EIN	FIP/RP Status	Agency Contributions	Contributions > 5% of Total to Plan?	Surcharge Imposed?
Teachers' Retirement Systems of Alabama	63-1103312	N/A	$ 402,831	No	No

Pension Plan	Actuarial Value of Plan Assets	Actuarial determined benefit obligations of the Plan	Funded status of the Plan
Teachers' Retirement Systems of Alabama	$ 28,765,970	$ 44,175,327	65-80%

Note 15: POST EMPLOYMENT BENEFITS OTHER THAN PENSION

Contributions

The Alabama Retired Education Employees' Health Care Trust (Trust) is a cost-sharing multiple employer defined benefit postemployment healthcare plan that administers healthcare benefits to the retirees of participating state and local educational institutions. The Trust established under the Alabama Retiree Health Care Funding Act of 2007 which authorized and directed the Public Education Employees' Health Insurance Board (Board) to create an irrevocable trust fund to fund postemployment healthcare benefits to retirees. Active and retiree health insurance benefits are paid through the Public Education Employees' Health Insurance Fund (PEEHIF).

The PEEHIF was established in 1983 pursuant to the provisions of the *Code of Alabama 1975*, *Title 16, Chapter 25A* (ACT 83-455) to provide a uniform plan of health insurance for active and retired employees of state and local educational institutions which provide instruction at any combination of grades K-14 (collectively, eligible employees), and to provide a method for funding the benefits related to the plan. Responsibility for the establishment of the health insurance plan and its general administration and operations is vested in the Board. The Board is a corporate body for purposes of management of the health insurance plan. The *Code of Alabama 1975, Section 16-25A-4* provides the Board with the authority to amend the benefit provisions in order to provide reasonable assurance of stability in future years for the plan. All assets of the PEEHIF are held in trust for the payment of health insurance benefits. The Teachers' Retirement System of Alabama (TRS) has been appointed as the administrator of the PEEHIF and, consequently, serves as the administrator of the Trust.

The assets of the Trust may not be used for any purpose other than to acquire permitted investments, pay administrative expenses, and provide postemployment healthcare benefits to or for retired employees and their dependents. The Alabama Legislature has no authority or power to appropriate the

Note 15: POST EMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

Contributions (continued)

assets of the Trust. The Board periodically reviews the funds available in the PEEHIF and determines if excess funds are available. If excess funds are determined to be available in the PEEHIF, the Board authorizes a transfer of funds from the PEEHIF to the Trust.

The Public Education Employees' Health Insurance Plan (PEEHIP) offers a basic hospital medical plan to active members and non-Medicare eligible retirees. Benefits include inpatient hospitalization for a maximum of 365 days without a dollar limit, inpatient rehabilitation, outpatient care, physician service, and prescription drugs. The Agency paid PEEHIP premiums during the fiscal year in the amount of $896,400.

The PEEHIF received funds for its participation in the Employer Group Waiver Plan (EGWP) through December 31, 2016. The funds received are a result of the PEEHIF continuing prescription drug coverage for Medicare eligible retirees and dependents. Effective January 1, 2017 when PEEHIP moved to a fully insured MAPDP, PEEHIP only receives low Income Premium Subsidy payments from the EGWP program.

Note 16: RELATED PARTY TRANSACTIONS

The Agency is a partner in Troy Housing Partners, Ltd., Heatherton, Ltd., Woodmere, Ltd., OCAP Housing Development, Inc., Westgate Partners, Inc., Veranda Partners, Inc., Grady's Walk GP I, Inc., and Jubilee GP II, Inc. The Agency's investment in these partnerships are immaterial to the financial statements and accordingly, no investment is recorded in the statement of net assets. The Agency received $41,226 in development fees from these partnerships during the fiscal year ended September 30, 2023.

Organized Community Action Program, Inc.
Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Agency or Pass-Through Grantor No.	Funds Provided to Subrecipients	Expenditures
U.S. Department of Agriculture				
Direct programs				
Rural Housing Preservation Grant	10.433	FY 23/24	$ -	$ 49,006
Passed through State Department of Education				
Child and Adult Care Food Program (CACFP)	10.558	AA8	-	410,823
Total U.S. Department of Agriculture			-	459,829
U.S. Department of Health and Human Services				
Direct programs				
Head Start Grant**	93.600	04CH011514-03-01	-	3,663,265
Head Start Grant**	93.600	04CH011514-04-01	-	1,627,419
COVID-19 Head Start Grant**	93.600	COVID-19 04HE001175-01-C6	-	208,179
Subtotal for 93.600/ Head Start Cluster			-	5,498,863
Passed through Alabama Department of Economic and Community Affairs				
Community Services Block Grant	93.569	CS-010-22	-	139,419
Community Services Block Grant	93.569	CS-010-22 EXT	-	48,809
Community Services Block Grant	93.569	CS-010-23	-	451,047
Subtotal for 93.569			-	639,275
Passed through Alabama Department of Economic and Community Affairs				
Low Income Home Energy Assistance	93.568	LI-010-22	-	258,904
Low Income Home Energy Assistance	93.568	LI-010-23	-	3,497,383
COVID- 19 Low Income Home Energy Assistance Assistance	93.568	COVID-19 - LI-010-ARP		69,839
Low Income Home Energy Assistance	93.568	LI-010-IIJA	-	158,930
Low Income Home Energy Assistance	93.568	LI-010-23-CRISIS	-	163,217
Low Income Home Energy Assistance	93.568	LIWAP-010-22	-	239,080
Low Income Home Energy Assistance	93.568	LIWAP-010-23	-	71,485
Subtotal for 93.568			-	4,458,838
Passed through Alabama Department of Economic and Community Affairs				
COVID-19 Low Income Home Water Assistance Program	93.499	COVID-19 LW-010-CONS	-	420,348
COVID-19 Low Income Home Water Assistance Program	93.499	COVID-19 LW-010-ARP	-	461,799
Subtotal for 93.499			-	882,147

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Agency or Pass-Through Grantor No.	Passed Through to Subrecipients	Expenditures
Passed through Alabama Department of				
Child Abuse and Neglect Prevention				
Temporary Assistance for Needy Families (TANF)	93.558	TANF 2023-206	-	113,000
Passed through Alabama Department of				
Human Resources				
Child Care Development Block Grant	93.575	QRIS-BONUS-2022	-	138
Total U.S. Department of Health and Human Services			-	11,592,261
U.S. Department of the Treasury				
Passed through the Lowndes County				
Commission				
COVID -19 Coronavirus State and Local				
Fiscal Recovery Funds	21.027	COVID-19 ARP	-	23,953
Total U.S. Department of the Treasury			-	23,953
U.S. Department of Energy				
Passed through Alabama Department of				
Economic and Community Affairs				
Weatherization Assistance for Low Income Persons	81.042	DOE-010-22	-	217,298
Weatherization Assistance for Low Income Persons	81.042	DOE-010-23	-	61,854
Weatherization Assistance for Low Income Persons	81.042	DOE-010-BIL	-	44,447
Total U.S. Department of Energy			-	323,599
U.S. Social Security Administration				
Passed through State Department of Education				
Social Security Disability Insurance *	96.001	N/A	-	112
Total Expenditures of Federal Awards			$ -	$ 12,399,754

* Disability Insurance/SSI Cluster

**Head Start Cluster

Note 1: BASIS OF ACCOUNTING

This Schedule of Expenditures of Federal Awards (the "Schedule") was prepared on the modified accrual basis of accounting. The modified accrual basis differs from the full accrual basis of accounting in that expenditures for property, and equipment are expensed when incurred, rather than being capitalized and depreciated over their useful lives, and expenditures for the principal portion of debt service are expensed when incurred rather than being applied to reduce the outstanding principal portion of debt which conforms to the basis of reporting to grantors for reimbursement under the terms of the Agency's federal grants.

Note 2: INDIRECT COST

The Agency has not elected to use the 10% de minimis indirect cost rate for the fiscal year ended September 30, 2023.

Note 3: BASIS OF PRESENTATION

The amounts reported in the Schedule were obtained from the Agency's general ledger. Because the Schedule presents only a selected portion of the operations, it is not intended to and does not present the financial positions, changes in net assets and cash flows of the Agency.

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly with the federal government and other pass-through entities. Payments received for goods or services provided as a vendor do not constitute federal awards for purposes of the Schedule. The Agency has obtained Assistance Listing Numbers (ALN) to ensure that all programs have been identified in the Schedule. ALN have been appropriately listed by applicable programs. Federal programs with different ALN that are closely related because they share common compliance requirements are defined as a cluster by the Uniform Guidance. Two clusters were identified in the schedule as follows:

Head Start Cluster

This cluster provides awards to promote school readiness of low-income children (including American Indians, Alaska Natives, and migrant and season farm workers) by enhancing children's cognitive, social and emotional development.

Social Security/SSI Cluster

This cluster includes awards that provide benefits to disabled wage earners and their families in the event the family wage earner becomes disabled. The Social Security Administration is responsible for administering the Disability Insurance and Supplemental Security Income programs.

Note 4: RELATIONSHIP OF THE SCHEDULE TO PROGRAM FINANCIAL REPORTS

The amounts reflected in the financial reports submitted to the awarding federal and/or pass-through agencies and the Schedule may differ. Some of the factors that may account for any difference include the following:

- The Agency's fiscal year end may differ from the program's year-end.
- Accruals recognized in the Schedule, because of year-end procedures, may not be reported in the program financial reports until the next program reporting period.
- Fixed asset purchases and the resultant depreciation charges may be recognized as fixed assets in the Agency's financial statements and as expenditures in the program financial reports and the Schedule.

Note 5: FEDERAL PASS-THROUGH FUNDS

The Agency is also the sub-recipient of federal funds that have been subjected to testing and are reported as expenditures and listed as federal pass-through funds. Federal awards other than those indicated as "pass-through" are considered direct.

Note 6: FACILITIES AND ADMINISTRATIVE COSTS (F&A COSTS)

The Agency operates under predetermined fixed indirect cost rates that are effective through September 30, 2023. The base rate for indirect cost recoveries is 14.3% for the year ended September 30, 2023.

Note 7: CONTINGENCIES

Grant monies received and disbursed by the Agency are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. The Agency does not believe that such disallowance, if any, would have a material effect on its financial position. As of September 30, 2023, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

Note 8: NONCASH ASSISTANCE

The Agency did not receive any federal noncash assistance for the fiscal year ended September 30, 2023.

Note 9: SUBRECIPIENTS

The Agency did not provide federal funds to subrecipients for the year ended September 30, 2023.

Note 10: LOANS AND LOAN GUARANTEES

The Agency did not have any loans or loan guarantee programs required to be reported on the Schedule for the fiscal year ending September 30, 2023.

Note 11: FEDERALLY FUNDED INSURANCE

The Agency did not have any federally funded insurance required to be reported on the Schedule for the fiscal year ending September 30, 2023.

Note 12: FEDERAL EXPENSES INCURRED FROM A PRIOR YEAR

In the prior year, the Agency incurred $128,240 in expenses which were included in federal expenses for the Child Care Development Block Grant, ALN 93.575, TASCC-4 as reported in the Schedule for the year ended September 20, 2022. In fiscal year 2023, management determined that these expenses qualified as allowable expenses for the Head Start grant 04CH011514-04-01 for the grant year that ended May 31, 2023. This resulted in a reduction in expenses for the Child Care Development Block Grant, ALN 93.575, TASCC-4 for 2023.

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
1117 Boll Weevil Circle
Enterprise, AL 36330

Mailing Address:
PO Box 311070
Enterprise, AL 36331

334.347.0088
334.347.7650 (fax)
CRIcpa.com

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*

Board of Directors
Organized Community Action Program, Inc.
Troy, Alabama

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 Organized Community Action Program, Inc. (a nonprofit organization) (the Agency), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated June 30, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency'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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama
June 30, 2024

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
1117 Boll Weevil Circle
Enterprise, AL 36330

Mailing Address:
PO Box 311070
Enterprise, AL 36331

334.347.0088
334.347.7650 (fax)
CRIcpa.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Organized Community Action Program, Inc.
Troy, Alabama

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Organized Community Action Program, Inc.'s (the Agency) 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 the Agency's major federal programs for the year ended September 30, 2023. The Agency'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, the Agency complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Agency 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 the Agency'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 the Agency'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 the Agency'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 the Agency'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 the Agency'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 the Agency'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 the Agency'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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the Agency's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Agency's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	None reported
b. Significant deficiencies identified not considered to be material weaknesses?	None reported
c. Noncompliance material to the financial statements noted?	No

Federal Awards

1. Type of auditor's report issued on compliance for major programs	Unmodified
2. Internal control over major programs:	
a. Material weaknesses identified?	Yes
b. Significant deficiencies identified not considered to be material weaknesses?	None reported
3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)?	Yes

4. Identification of major programs

Assistance Listing Number	Federal Program
93.568	Low-Income Household Energy Assistance Program
93.499	Low-Income Household Water Assistance Program

5. Dollar threshold used to distinguish between type A and type B programs	$750,000
6. Auditee qualified as low-risk under 2CFR 200.520	No

Section II – Financial Statement Findings

No such findings noted.

Section III – Federal Award Findings and Questioned Costs

Item 2023-001 Eligibility (Repeat)
Assistance Listing Number 93.499
Low Income Home Water Assistance Program
U.S. Department of Health and Human Services
Passed through the Alabama Department of Economic and Community Affairs
Pass-through Grant No. LW-010-CONS and LW-010-ARP

Condition – The Agency lacked adequate controls to ensure compliance with the award calculation of eligible applicants receiving grant assistance as outlined by the Low-Income Household Water Assistance Program (LIHWAP) policies and procedures manual published by the pass through grantor, Alabama Department of Economic and Community Affairs (ADECA). During a dual-purpose test of controls and compliance seven applicants out of a sample of sixty received water awards that were erroneously calculated. Approved applications for the seven applicants supported that the applicant met eligibility requirements to receive a program award; however, the award amounts for the seven applicants were not computed correctly in accordance with the grant award guidelines.

Criteria – As specified in 2 CFR section 200.303 the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Cause – Lack of sufficient controls to ensure supporting documentation for eligibility and award calculation is being input into the award system accurately and that the program award for each applicant is being calculated correctly.

Questioned Costs – Net $31.59 known, $1,367 likely

Effect – Lack of proper approval and recalculation of awards to participants could result in disallowed costs.

Recommendation – We recommend the implementation of additional controls to ensure proper review and approval of award totals for eligible individuals seeking to receive benefits from the program.

Management's Response – See "Corrective Action Plan"

ORGANIZED COMMUNITY ACTION PROGRAM, INC.

507 N. THREE NOTCH STREET
TROY, ALABAMA 36081
OFFICE: (334) 566-1712
FAX: (334) 566-7417

Helping People. Changing Lives.
community Action PARTNERSHIP
AMERICA'S POVERTY FIGHTING NETWORK

Community Action Partnership Serving:
BULLOCK, BUTLER, COVINGTON, CRENSHAW,
DALE, LOWNDES & PIKE COUNTIES

Head Start Program Serving:
BULLOCK, BUTLER, COFFEE,
CRENSHAW, DALE, & PIKE COUNTIES

Single Audit Findings

Item 2023-001 – Eligibility

Contact person: Jeanne Garrett

Management's Response – Trainings for all programs , along with the LW-010-CONS program are held bi-monthly during CSBG staff meetings. These meetings were implemented in June 2023. FACSPRO, the software used by the county coordinators to input applications auto calculates awards. During the trainings Coordinators are trained to know the requirements and eligibilities of the programs well enough to recalculate the awards. During this audit period seven out of a sample of 60 LI-010-CONS applications were still incorrect. Although the overall effect was small, this will be a repeat finding for errors in client awards. The Service Manager will contact ADECA to provide comprehensive training to the service staff. The Service Manager will have a contractor assist with recalculating awards and working with the staff individually with corrections that are made. The Fiscal Officer will re-check a sample of the awards each month. Although the LI-010-CONS program has ended, the training will be applicable to all programs.

Item 2022-001 Eligibility – Not corrected, repeat finding

Item 2022-002 Reporting - Corrected