

Northern Kentucky Community Action Commission, Inc.

**Financial Statements with Accompanying Information
June 30, 2020 and 2019, and
Independent Auditors' Report**

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

June 30, 2020 and 2019

Contents

	<u>Page(s)</u>
Independent Auditors' Report	1 – 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5 – 6
Statements of Cash Flows	7
Notes to Financial Statements	8 – 24
Accompanying Information:	
Schedule of Expenditures of Federal Awards	25 – 26
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 <i>Government Auditing Standards</i>	27 – 28
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	29 – 30
Schedule of Findings and Questioned Costs	31
Summary Schedule of Prior Audit Findings	32
Other Information:	
Head Start:	
Status of Grant	33
Statement of Revenues and Expenses	34
Full Year Part Day Headstart Program PA-22	35
Schedule of Budgeted, Incurred, Questioned and Allowable Costs	
Training and Technical Assistance Headstart Program PA-20	36
Schedule of Budgeted, Incurred, Questioned and Allowable Costs	
Schedule of Property and Equipment	37
CSBG:	
Statement of Financial Participation	38
Schedule of Budgeted, Incurred, Questioned and Allowable Costs	39
Weatherization:	
Weatherization Program - Schedule of Budgeted, Incurred, Questioned and Allowable Costs	40 - 41
LIHEAP:	
Statement of Program Expenses	42
Schedule of Budgeted, Incurred, Questioned and Allowable Costs	43

Independent Auditors' Report

The Board of Directors of the
Northern Kentucky Community Action Commission

Report on the Financial Statements

We have audited the accompanying financial statements of Northern Kentucky Community Action Commission (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northern Kentucky Community Action Commission as of June 30, 2020 and 2019, 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.

**Independent Auditors' Report
(Continued)**

Emphasis of Matter

As discussed in Note 1 to the financial statements, Northern Kentucky Community Action Commission has adopted Accounting Standards Update ASU 2018-08 - *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Other Matters

Other 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 on pages 25-26, as required by Title 2 U.S. Code of Federal Regulations (CFR) 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The other information, which is the responsibility of management, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2020 on our consideration of Northern Kentucky Community Action Commission'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 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 Northern Kentucky Community Action Commission'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 Northern Kentucky Community Action Commission's internal control over financial reporting and compliance.



December 30, 2020
Crestview Hills, Kentucky

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Statements of Financial Position
June 30, 2020 and 2019**

	2020	2019
Assets		
Cash	\$ 2,727,823	\$ 583,954
Cash - Ridgewood North	67,232	66,932
Certificates of deposit	357,213	350,000
Government grants receivable	1,508,704	992,688
Other assets	39,111	47,244
Cash restricted for repairs in Harvest Glen (formerly Crittenden)	11,658	14,246
Developer fee receivable	130,718	127,171
Investment in partnerships	500,100	500,100
Property and equipment, net	4,432,483	4,582,516
	\$ 9,775,042	\$ 7,264,851
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 789,450	\$ 223,635
Accrued expenses	680,692	507,941
Interest rate swap liability	113,752	67,770
Notes payable	3,234,300	1,673,443
Deferred rental income	460,385	468,461
Deferred grant	81,673	87,503
	5,360,252	3,028,753
Net Assets		
Without donor restrictions		
Undesignated	2,813,394	977,863
Board designated - Ridgewood North	424,444	416,932
Net investment in property and equipment	1,084,431	2,841,303
	4,322,269	4,236,098
With donor restrictions	92,521	-
	4,414,790	4,236,098
	\$ 9,775,042	\$ 7,264,851

See accompanying notes to financial statements

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Statements of Activities
Years Ended June 30, 2020 and 2019**

	2020	2019
Unrestricted revenues and other support:		
Federal grants and contracts	\$ 12,593,928	\$ 10,430,436
State and local grants and contracts	1,286,436	1,268,876
Private grants and contracts	518,057	413,819
In-kind contributions	970,586	1,181,280
Development fee	80,988	63,750
Rent income	71,736	70,213
Change in fair value of interest rate swap	(45,982)	(69,792)
Miscellaneous	63,820	58,803
Net assets released from restrictions	13,854	89,698
	15,553,423	13,507,083
Expenses:		
Children's services	7,346,281	6,048,606
Family services	5,103,037	4,486,779
Weatherization and housing services	311,704	483,762
Community development	1,457,808	1,709,229
Administration and finance	1,248,422	1,181,705
	15,467,252	13,910,081
Change in net assets without donor restrictions	86,171	(402,998)
Net assets with donor restrictions:		
Private grants	106,375	-
Net assets released from restrictions	(13,854)	(89,698)
	92,521	(89,698)
Change in net assets with donor restrictions	92,521	(89,698)
Change in net assets	178,692	(492,696)
Net assets, beginning of year	4,236,098	4,728,794
Net assets, end of year	\$ 4,414,790	\$ 4,236,098

See accompanying notes to financial statements

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Statement of Functional Expenses
Year Ended June 30, 2020**

	Program Services				Total	Administration and Finance	Total
	Children's Services	Family Services	Weatherization and Housing Services	Community Development			
Salaries	\$ 3,025,653	\$ 1,144,409	\$ 38,631	\$ 1,065,537	\$ 5,274,230	\$ 635,907	\$ 5,910,137
Fringe benefits	1,178,883	459,859	17,264	127,570	1,783,576	275,957	2,059,533
Contractual	560,596	205,361	139,267	26,424	931,648	97,283	1,028,931
Travel	45,787	28,456	566	3,105	77,914	18,507	96,421
Occupancy and equipment	295,813	242,048	12,730	33,218	583,809	22,236	606,045
Utilities	64,529	39,434	9,796	4,737	118,496	7,244	125,740
Supplies	72,403	19,754	3,101	4,128	99,386	19,804	119,190
Communication	61,540	67,067	2,918	10,217	141,742	16,348	158,090
Printing and publications	52,649	20,354	4,853	1,814	79,670	18,162	97,832
Insurance	29,313	21,935	17,031	8,350	76,629	5,314	81,943
Client benefits	755,642	2,617,621	31,983	958	3,406,204	2,732	3,408,936
Staff development	121,872	9,810	9,546	1,465	142,693	21,061	163,754
Legal fees	1,209	7,230	-	-	8,439	3,366	11,805
Other costs	106,720	51,465	2,630	11,137	171,952	42,509	214,461
In-kind expenditures	691,625	123,710	-	155,251	970,586	-	970,586
Interest	17,646	5,177	1,076	653	24,552	7,910	32,462
Depreciation	264,401	39,347	20,312	3,244	327,304	54,082	381,386
Total expenses	7,346,281	5,103,037	311,704	1,457,808	14,218,830	1,248,422	15,467,252
Allocation of indirect costs	881,292	301,472	11,502	23,712	1,217,978	(1,217,978)	-
Total expenses	\$ 8,227,573	\$ 5,404,509	\$ 323,206	\$ 1,481,520	\$ 15,436,808	\$ 30,444	\$ 15,467,252

See accompanying notes to financial statements

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Statement of Functional Expenses
Year Ended June 30, 2019**

	Program Services				Total	Administration and Finance	Total
	Children's Services	Family Services	Weatherization and Housing Services	Community Development			
Salaries	\$ 2,397,313	\$ 1,157,480	\$ 96,046	\$ 1,160,310	\$ 4,811,149	\$ 548,256	\$ 5,359,405
Fringe benefits	931,318	399,978	41,106	195,315	1,567,717	238,742	1,806,459
Contractual	426,129	103,215	171,636	22,401	723,381	102,535	825,916
Travel	57,602	41,782	9,282	6,812	115,478	28,914	144,392
Occupancy and equipment	270,683	252,933	26,232	48,160	598,008	29,493	627,501
Utilities	69,661	45,875	11,195	20,724	147,455	7,651	155,106
Supplies	47,236	29,848	6,814	7,340	91,238	16,180	107,418
Communication	62,132	60,093	2,967	14,568	139,760	12,647	152,407
Printing and publications	11,483	8,212	592	1,566	21,853	25,952	47,805
Insurance	31,163	22,409	10,351	8,136	72,059	3,094	75,153
Client benefits	483,299	2,096,622	79,073	8,399	2,667,393	5,322	2,672,715
Staff development	45,472	17,392	1,726	4,285	68,875	26,958	95,833
Legal fees	1,579	-	1,906	-	3,485	25,592	29,077
Other costs	89,218	56,033	1,583	13,962	160,796	40,879	201,675
In-kind expenditures	837,857	152,227	-	191,196	1,181,280	-	1,181,280
Interest	16,688	5,036	2,342	635	24,701	8,329	33,030
Depreciation	269,773	37,644	20,911	5,420	333,748	61,161	394,909
Total expenses	6,048,606	4,486,779	483,762	1,709,229	12,728,376	1,181,705	13,910,081
Allocation of indirect costs	694,025	311,129	27,919	52,710	1,085,783	(1,085,783)	-
Total expenses	\$ 6,742,631	\$ 4,797,908	\$ 511,681	\$ 1,761,939	\$ 13,814,159	\$ 95,922	\$ 13,910,081

See accompanying notes to financial statements

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Statements of Cash Flows
Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 178,692	\$ (492,696)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	381,386	394,909
Change in fair value of interest rate swap	45,982	69,792
Changes in:		
Government grants receivable	(516,016)	166,837
Other assets	8,133	23,287
Deferred developer fee receivable	(3,547)	1
Accounts payable	565,815	(130,452)
Accrued expenses	172,751	30,285
Deferred rental income	(8,076)	(8,077)
Deferred grant	(5,830)	(5,830)
Net cash provided by operating activities	<u>819,290</u>	<u>48,056</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>(231,353)</u>	<u>(116,337)</u>
Net cash provided (used) by investing activities	<u>(231,353)</u>	<u>(116,337)</u>
Cash flows from financing activities		
Purchase of certificates of deposit	(7,213)	(350,000)
Proceeds from notes payable	1,634,900	1,098,775
Principal payments on notes payable	<u>(74,043)</u>	<u>(1,082,785)</u>
Net cash provided (used) by financing activities	<u>1,553,644</u>	<u>(334,010)</u>
Net change in cash	2,141,581	(402,291)
Cash and restricted cash, beginning of year	<u>665,132</u>	<u>1,067,423</u>
Cash and restricted cash, end of year	<u>\$ 2,806,713</u>	<u>\$ 665,132</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 33,152	\$ 31,891

See accompanying notes to financial statements

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

Notes to Financial Statements

NOTE 1 NATURE OF OPERATIONS

Northern Kentucky Community Action Commission, Inc. (NKCAC) is a non-profit corporation incorporated under the laws of the Commonwealth of Kentucky organized for the purpose of cooperating with and assisting governmental and private agencies in accomplishing the objectives described in the Economic Opportunity Act of 1964. It primarily serves the Northern Kentucky counties of Boone, Campbell, Carroll, Kenton, Gallatin, Grant, Owen, and Pendleton.

Funds to operate the Commission are obtained primarily from the U.S. Department of Health and Human Services, U.S. Department of Energy, U.S. Department of Labor and the Kentucky Cabinet for Families and Children.

Northern Kentucky Community Action Commission's major categories and the programs included in each category are as follows:

Children's Services: Children's Services programs operate a Head Start preschool program and daycare for three- and four-year-old children. Additionally, NKCAC operates an Early Head Start Child Care Partnership that includes five community child care providers that supply eighty partnership daycare slots for infants and toddlers at six different locations in the agency's urban core. The Head Start and Early Head Start programs are funded by the U.S. Department of Health and Human Services. The USDA Child Care Food Program supplements the feeding of the children in the Head Start and Early Head Start programs; the daycare program provides supplemental daycare services for children participating in Head Start classes and is funded by the State of Kentucky and privately by individuals using the services. As a program under Child Development, the Community Collaboration for Children (CCC) program expands and enhances community based and federal initiatives aimed at supporting and strengthening families to reduce the likelihood of child abuse and neglect. The CCC program is funded by the U. S. Department of health and Human Services and passed through the Kentucky Cabinet for Health and Family Services.

Family Services: Family Services programs provide assistance through neighborhood centers in each of the eight counties serviced by NKCAC. Services include rental, prescription, housing, food and utilities assistance vouchers. Several of the centers maintain a food pantry and clothing closet. Center staff also provide child care assistance referrals. Funds to operate the neighborhood programs include U.S. Department of Health and Human Services, Community Service Block Grant funds passed through the Kentucky Cabinet for Families and Children.

At the neighborhood centers, the LIHEAP program provides heating assistance in the form of utility vouchers to low income individuals. Funding for the LIHEAP program is provided by the U.S. Department of Health and Human Services passed through the Kentucky Organization of Community Action Agencies.

Another program operating within neighborhood centers is Application Assisters, a program intended to educate the population about the Health Benefit Exchange under the Affordable Health Care Act. Funded through the Kentucky Cabinet for Health and Family Services, the agency associates provide assistance to Kentuckians about insurance affordability programs and coverage options designed to enable informed decision-making when selecting and enrolling in health plans.

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

Notes to Financial Statements (Continued)

NOTE 1 NATURE OF OPERATIONS (CONTINUED)

Also, the YouthBuild program, designed for individuals ages 16 to 24, focuses on obtaining a GED and skills training in the construction field. The U.S. Department of Labor is the primary funding source for the YouthBuild program.

Additional programs include emergency assistance and shelter program grants, funded by federal and state funds passed through the Kentucky Housing Corporation, as well as funds provided by county fiscal courts, other organizations and private donors.

Weatherization and Housing Services: Weatherization & Housing programs provide home weatherization and energy efficiency services to lower income homeowners and renters. Funds for this program are passed through the Kentucky Housing Corporation and Kentucky Organization of Community Action Agencies from the U.S. Department of Energy and the U.S. Department of Health and Human Services. Additionally, Housing programs operated by NKCAC include a 60-unit tax-credit funded apartment complex and a Rural Housing Program, which consists of a 10-unit HOME funded low-income apartment development.

Community Development: Community Development programs assist advanced aged individuals and families and consists of two unique programs: 1) The Senior Community Service Employment Program (SCSEP) program offers qualified individuals fifty-five (55) years or older the opportunity to obtain training and learn job skills to get back into the work force. The SCSEP program is funded by the U.S. Department of Health and Human Services, passed through the National Council on Aging. 2.) Three Senior Centers located in Kenton and Grant counties provide senior citizens with health, fitness and wellness programs, social and recreational activities, and information and assistance with public benefit programs.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). NKCAC is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which are available for use in general operations and not subject to donor restrictions; and net assets with donor restrictions, which are either temporary in nature, such as those that will be met by the passage of time or other events specified by the donor, or are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets with donor restrictions were \$92,521 at June 30, 2020. There were no net assets with donor restrictions at June 30, 2019.

Cash

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

At June 30, 2020, cash of \$2,727,823 and restricted cash of \$67,232 and \$11,658 reported within the statement of financial position sum to the total of \$2,806,713, which is the total of the cash and restricted cash shown in the statement of cash flows. At June 30, 2019, cash of \$583,954 and restricted cash of \$66,932 and \$14,246 reported within the statement of financial position sum to the total of \$665,132, which is the total of the cash and restricted cash shown in the statement of cash flows.

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

Notes to Financial Statements (Continued)

NOTE 1 NATURE OF OPERATIONS (CONTINUED)

Cash – Ridgewood North

Cash – Ridgewood North includes the developer fee proceeds on a housing development project and is invested in a money market account. These funds are designated by the Board of Directors. Funds will be held until any potential liability associated with the developer fee is reduced to acceptable levels (Note 5).

Property and Equipment

Property and equipment are recorded at cost on the date of acquisitions or, if donated, at the approximate fair value at the time of donation. Property and equipment are capitalized and depreciated over the useful life of the asset using the straight-line method. Maintenance and repairs are expensed as incurred and major additions and improvements are capitalized. The threshold to capitalize property and equipment is \$1,000.

In accordance with GAAP, NKCAC assesses the recoverability of the carrying amount of property and equipment if certain events or changes occur, such as a significant decrease in market value of the assets or a significant change in operating conditions. Based on its most recent analysis, NKCAC believes no impairments existed at June 30, 2020 and 2019.

The equipment is owned by NKCAC while used in the program for which it was purchased or in other future authorized programs. The funding sources, however, have a reversionary interest in the equipment purchased with grant funds; therefore, its disposition, as well as the ownership of any sales proceeds there from is subject to funding source regulations. In accordance with grant award budgets approved by funding sources, equipment is charged to expenses in the period during which it is purchased instead of being recognized as an asset and depreciated over its useful life for grant reporting purposes.

Investment in Partnerships

The investment in partnerships is recorded using the equity method of accounting. The investment is increased by NKCAC's pro-rata share of income and reduced by its pro-rata share of losses and distributions.

Interest Rate Swap Agreement

NKCAC utilizes derivative financial instruments to reduce interest rate risk. NKCAC does not hold or issue derivative financial instruments for trading purposes. Current accounting and reporting standards for derivative instruments and hedging activities require that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. Changes in the fair value of interest rate swap agreements are reported in the accompanying statement of activities.

Recognition of Grant Revenues

Revenues of NKCAC consist primarily of Federal, state, and local cost reimbursable grants. The grants are conditional on NKCAC's incurring allowable expenses in performance of the grants. Grant revenue is recognized as support to the extent that the related expenses are incurred. Grant funds received in excess of expenses incurred result in the recognition of a refundable advance (liability). Allowable expenses incurred in excess of grant funds received result in recognition of grants receivable (asset).

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Notes to Financial Statements
(Continued)**

NOTE 1 NATURE OF OPERATIONS (CONTINUED)

Contributions

Gifts of cash and other assets received without donor stipulations are reported as net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as restricted revenue and net assets with donor restrictions. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as unrestricted revenue and net assets without donor restrictions.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenues when the conditions are substantially met and the gift becomes unconditional. At June 30, 2020 and 2019, NKCAC has conditional promises to give of \$503,236 and \$136,657, respectively, from the Department of Health and Human Services which represents carryover funding to be used for its Head Start and Early Head Start programs.

In-Kind Contributions

In-kind contributions, consisting primarily of space costs, supplies, volunteer time, labor and donated goods, are recorded as both revenues and expenditures at estimated fair value. Contributed services are recognized if the services (1) create or enhance nonfinancial assets or (2) require specialized skills and would need to be purchased if the services were not donated. Therefore, time donated by parents and other members of the community, primarily for the Head Start Program and Community Services Programs, are not recognized in the financial statements.

The estimated fair value of donated facilities, materials and services included in the financial statements for the years ended June 30, 2020 and 2019 is as follows:

	2020				2019 Total
	Child Development	Family Services	Community Development	Total	
Value of facilities donated	\$ 404,514	\$ 26,458	\$ -	\$ 430,972	\$ 317,608
Materials and supplies	87,791	3,563	-	91,354	176,680
Contractual	62,333	86,133	-	148,466	253,368
Training	-	-	155,254	155,254	191,196
Other	137,420	7,120	-	144,540	242,428
	<u>\$ 692,058</u>	<u>\$ 123,274</u>	<u>\$ 155,254</u>	<u>\$ 970,586</u>	<u>\$ 1,181,280</u>

Functional Expenses

The costs of providing various programs and other activities have been summarized on functional expenses in the statements of activities. Expenses have been classified based upon the actual direct expenditures and cost allocations based upon estimates of time spent by NKCAC personnel. The most significant allocations are compensation and related expenses, which were allocated based on estimates of time spent by Organization personnel.

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

Notes to Financial Statements (Continued)

NOTE 1 NATURE OF OPERATIONS (CONTINUED)

Income Taxes

NKCAC is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of Kentucky law. However, NKCAC is subject to federal income tax on any unrelated business taxable income.

NKCAC's IRS Form 990 is subject to review and examination by federal and state authorities. NKCAC believes it has appropriate support for any tax positions taken, and therefore, does not have any uncertain income tax positions that are material to the financial statements.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in the financial statements and accompanying notes. Actual results could differ from those estimates.

Effect of Adopting New Accounting Standard

During 2020, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard clarified and improved previous guidance about whether a transfer of assets is a contribution or an exchange transaction. The standard clarified how an entity determined whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. The standard also required that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The ASU has been applied using the modified prospective basis for all grants and contracts that were not completed as of June 30, 2019. The adoption of this ASU did not have a significant impact.

New Accounting Standards

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. The standard's core principle is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contract with customers. This standard will be effective for NKCAC's year ending June 30, 2021.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating, which will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for NKCAC's year ending June 30, 2023.

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Notes to Financial Statements
(Continued)**

NOTE 1 NATURE OF OPERATIONS (CONTINUED)

New Accounting Standards (Continued)

NKCAC is currently in the process of evaluating the impact of adoption of these ASUs on its financial statements.

Subsequent Events

NKCAC has evaluated subsequent events through December 30, 2020, which is the date the financial statements were available to be used.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows as of June 30, 2020:

	2020	2019
Cash and cash equivalents	\$ 2,727,823	\$ 583,954
Cash - Ridgewood North	67,232	66,932
Certificates of deposit	357,213	350,000
Government grants receivable	1,508,704	992,688
Developer fees receivable	130,718	127,171
Total financial assets	4,791,690	2,120,745
Less: Developer fees to be received in greater than one year	(130,718)	(127,172)
Less: Board designated funds	(424,444)	(416,932)
Total financial assets available within one year	\$ 4,236,528	\$ 1,576,641

NKCAC holds cash and cash equivalents in the form of operating cash, money market accounts and certificates of deposit with a maturity date of no more than 12 months. Government grants receivable is typically collected within 30 days of billing.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has committed lines of credit in the amount of \$350,000 and \$350,000 for June 30, 2020 and 2019, respectively, which it could draw upon. The Organization has \$424,444 and \$416,932 as of June 30, 2020 and 2019, respectively, of Board designated funds as part of the cash and cash equivalents. Although the Organization does not intend to spend from its Board designated funds, amounts from its Board designated funds could be made available if necessary.

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Notes to Financial Statements
(Continued)**

NOTE 3 CERTIFICATES OF DEPOSIT

The Organization held \$357,213 and \$350,000 in certificates of deposits as of June 30, 2020 and 2019, respectively. The certificates of deposit all have original maturity dates of greater than three months and are recorded at original investment plus accrued interest.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment at June 30 consisted of the following:

	2020	2019
Land	\$ 1,234,700	\$ 1,234,700
Buildings and improvements	4,734,065	4,693,341
Equipment	1,016,286	976,955
Vehicles	443,263	504,853
Leasehold improvements	542,889	491,729
	7,971,203	7,901,578
Less accumulated depreciation	(3,538,720)	(3,319,062)
	\$ 4,432,483	\$ 4,582,516

Land recorded at \$170,000 at June 30, 2020 and 2019 is restricted for the development of the Lincoln Grant Scholar House.

NOTE 5 DEFERRED RENTAL INCOME AND INVESTMENT IN PARTNERSHIPS

Ridgewood North L.P.

In 2012, NKCAC became a general partner in a 60-unit low income housing tax credit project called Ridgewood North L.P. (Project). NKCAC's interest in the partnership equity at June 30, 2020 and 2019 is based on its 51% general partnership stake in the 0.01% general partnership interest. No initial investment or future capital investments are required under the partnership agreement and no amounts are recognized as investment in partnerships as of June 30, 2020 and 2019. NKCAC received a total developer fee estimated at \$249,600, which was recognized as revenue according to the development services agreement. In 2020 and 2019, NKCAC recognized \$80,988 and \$63,750, respectively, as management partnership fee revenue. NKCAC may be required under the partnership agreement to fund operating deficits up to the amount of previously received developer fees.

NKCAC purchased the land for the Project in the amount of \$525,000. However, the land purchase was paid by the Project in the form of a prepayment on a ground lease. NKCAC has an agreement to lease the land to the Project for a term of 65 years. The present value of the future land rent is \$460,385 and \$468,461 at June 30, 2020 and 2019, respectively. Lease revenue was \$8,077 for 2020 and 2019.

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Notes to Financial Statements
(Continued)**

NOTE 5 DEFERRED RENTAL INCOME AND PARTNERSHIP INVESTMENTS (CONTINUED)

The following is a summary of the financial position and results of operations for Ridgewood North L.P as of December 31:

	2019	2018
Assets - cash, buildings and improvements, other	\$ 8,385,130	\$ 8,636,960
Liabilities	\$ 744,891	\$ 709,459
Members' capital	\$ 7,640,239	\$ 7,927,501
Net loss	\$ (275,423)	\$ (411,187)

Lincoln Grant Scholar House LLLP

In 2016, NKCAC, along with other investors, established a partnership known as Lincoln Grant Scholar House, LLLP. The partnership's purpose is to construct and operate a 45-unit apartment complex and auditorium in Covington, Kentucky (LGSH) that qualifies for federal low-income housing tax credits for certain investors. NKCAC's interest in the partnership equity at both June 30, 2020 and 2019 is \$500,100 and is recognized in investment in partnerships on the statement of financial position. The investment is based on its 100% ownership of Lincoln GP, LLC which owns 0.01% of Lincoln Grant Scholar House, LLLP as the general partner. NKCAC provided a \$100 initial investment in Lincoln GP, LLC, which was used to invest in Lincoln Grant Scholar House, LLLP. No future capital investments are required under the partnership agreements for Lincoln GP, LLC or Lincoln Grant Scholar House, LLLP. During 2017, NKCAC provided a zero-interest, \$500,000 note receivable to the partnership, which represents a pass-through of Affordable Housing Program funding and increases NKCAC's equity interest in LGSH.

NKCAC earned a developer fee of \$270,000 which is recognized as revenue. NKCAC may be required under the partnership agreement to fund operating deficits up to the amount of previously received developer fees. At June 30, 2020 and 2019, \$130,718 and \$127,171, respectively of the developer fee remains outstanding.

The following is a summary of the financial position and results of operations for Lincoln Grant Scholar House LLLP as of December 31:

	2019	2018
Assets - cash, buildings and improvements, other	\$ 9,095,363	\$ 9,546,166
Liabilities	\$ 2,127,938	\$ 2,149,038
Partners' equity	\$ 6,967,425	\$ 7,397,128
Net loss	\$ (429,703)	\$ (437,939)

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Notes to Financial Statements
(Continued)**

NOTE 5 DEFERRED RENTAL INCOME AND PARTNERSHIP INVESTMENTS (CONTINUED)

Union Farmview LLLP

In February 2020, NKCAC, along with another investor, established a partnership known as Union Farmview LLLP. The partnership's purpose is to purchase, develop and manage real and other property for investment. NKCAC's interest in the partnership equity at June 30, 2020 is based on its 100% ownership of NKCAC Farmview Apartments LLC, which has a 51% general partnership stake in the 0.01% general partnership interest and a 99.99% limited partner interest in Union Farmview LLLP. No initial investment or future capital investments are required under the partnership agreements for NKCAC Farmview Apartments LLC or Union Farmview LLLP and no amounts are recognized as investment in partnerships as of June 30, 2020 and 2019. There were no assets, liabilities, members capital or operation activities in either partnership as of June 30, 2020.

In September 2020, the partnership agreement for Union Farmview LLLP was amended for the purpose of financing, constructing and managing a qualified federal low-income housing tax credit project. The amended agreement replaced NKCAC as the limited partner and created a joint and several guaranty agreement for the timely performance and payment of obligations related to construction completion, operating deficits, tax credits and developer responsibilities, as defined in the agreement. NKCAC also entered into an agreement to guaranty the construction loan of Union Fairview LLLP for a maximum principal amount of \$9,128,777 jointly and severally with the other general partner of Union Fairview LLLP. NKCAC's obligation under the guaranty agreements is limited to the developer fee payable to NKCAC related to the tax credit project, cash flow from the project and other profits from the project., which shall not exceed \$311,400 in aggregate.

NOTE 6 LINE OF CREDIT

NKCAC has a revolving line of credit agreement for \$350,000 which is renewable annually. The line is collateralized by substantially all of NKCAC's non-federal assets and bears interest at the daily LIBOR rate plus 1.50%. At June 30, 2020 and 2019 there was no balance outstanding on the line. The line of credit expires in April 2021.

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Notes to Financial Statements
(Continued)**

NOTE 7 NOTES PAYABLE AND INTEREST RATE SWAP AGREEMENT

Notes payable at June 30 consisted of the following:

	<u>2020</u>	<u>2019</u>
Kentucky Housing Corporation (Thirty year, 1% loan, maturing on June 1, 2035) (A)	\$ 59,365	\$ 62,981
Kentucky Housing and Homeless Coalition (Twenty year, interest-free loan, maturing on July 1, 2027) (B)	5,760	6,480
Kentucky Housing Corporation (Thirty year, interest-free loan, maturing on June 1, 2035) (C)	517,510	517,510
PNC Bank Tax Exempt Industrial Building Revenue Bonds, Series 2019 (D)	968,203	1,018,775
PNC Bank Head Start Equipment Loan (Four year, 5.08% loan, maturing on October 17, 2022) (E)	48,562	67,697
Payroll Protection Program Loan (Two year, 1% loan, maturing on 4/22/2022) (F)	1,634,900	-
	<u>\$ 3,234,300</u>	<u>\$ 1,673,443</u>

Aggregate annual maturities of long-term debt, excluding the PPP loan, at June 30, 2020 are as follows:

2021	\$ 77,116
2022	80,363
2023	68,647
2024	63,793
2025	66,252
Thereafter	<u>1,243,229</u>
	<u>\$ 1,599,400</u>

(A) The Kentucky Housing Corporation provided a loan from the Affordable Housing Trust Fund (AHTF) in the amount of \$110,000. The loan accrues interest at a rate of one percent (1%) per annum. Principal and interest are due and payable in equal, consecutive annual installments of \$4,246. The final installment in the amount of the unpaid principal balance and all accrued and unpaid interest is due on the maturity date, June 1, 2035.

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

Notes to Financial Statements (Continued)

NOTE 7 NOTES PAYABLE AND INTEREST RATE SWAP AGREEMENT (CONTINUED)

- (B) Northern Kentucky Housing and Homeless Coalition, Inc. provided a \$16,615 loan through the Nonprofit Housing Production and Repair Program (NHPR). The loan is interest-free with annual principal payments of \$720. The final installment in the amount of the unpaid principal balance is due on the maturity date, July 1, 2027.
- (C) The Kentucky Housing Corporation provided funding from the Kentucky Home Investment Partnership Program funds in the amount of \$517,510. This funding is HOME funds passed through from the U.S. Department of Housing and Urban Development. Of the total, \$242,510 of the HOME funds is in the form of a thirty-year deferred payment loan at zero percent per annum that matures on June 1, 2035. The remaining \$275,000 is in the form of a thirty-year deferred forgivable payment at zero percent per annum that matures on June 1, 2035.
- (D) During 2019, Kenton County, KY issued and sold to PNC Bank \$1,018,775 in tax-exempt Industrial Building Revenue Bonds, Series 2019. Interest is payable monthly at 79.84% of LIBOR plus 1.38%. The rate at June 30, 2020 was 1.53%. The bonds mature in June 2026 and are collateralized by the properties at 717 Madison Avenue, Covington, KY and 1001 Scott Street, Covington, KY, which were the properties acquired from the bonds proceeds.
- (E) During 2019, NKCAC acquired a loan through PNC in the amount of \$80,000 for Head Start equipment. The loan accrues interest at a fixed rate of 5.08%. Principal and interest are due and payable in equal, consecutive monthly payments of \$1,848. The loan has a maturity date of October 17, 2022.
- (F) On April 22, 2020, NKCAC qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the "PPP Lender"), for an aggregate principal amount of \$1,634,900 (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Organization's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Organization. The Organization intends to apply for forgiveness of the PPP Loan with respect to these covered expenses. To the extent that all or part of the PPP Loan is not forgiven, NKCAC will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing November 2020 principal and interest payments will be required through the maturity date in April 2022. Future maturities are subject to change if part or all the PPP Loan is forgiven. The terms of the PPP Loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default. The outstanding balance for this note payable was \$1,634,900 and \$-0- as of June 30, 2020 and 2019, respectively.

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Notes to Financial Statements
(Continued)**

NOTE 7 NOTES PAYABLE AND INTEREST RATE SWAP AGREEMENT (CONTINUED)

As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations, in June 2019, NKCAC entered into an interest rate swap agreement for a portion of its variable rate indebtedness (Item D above). The agreement provides for NKCAC to receive interest from the counterparty at 79.84% of LIBOR plus 1.38% (1.53% and 3.30% at June 30, 2020 and 2019, respectively) and to pay interest to the counterparty at a fixed rate of 4.007% on a notional amount of \$965,873 and \$1,016,322 at June 30, 2020 and 2019, respectively. Under the agreement, NKCAC pays or receives the net interest amount monthly, with the monthly settlements included in interest expense.

NOTE 8 DEFERRED GRANTS

Conditional grant funds of \$175,000, associated with the Affordable Housing Trust Fund (AHTF), were received during the fiscal year ended June 30, 2004. These grant funds are recorded as deferred revenue and are being recognized over the next 30 years, provided NKCAC continues to meet the grant terms and conditions for affordable housing. At June 30, 2020 and 2019, the balance of the deferred AHTF grant was \$81,673 and \$87,503, respectively. NKCAC anticipates the continued use of this property as affordable housing.

NOTE 9 LEASE COMMITMENTS

NKCAC leases several office facilities and equipment under operating leases expiring in various years through 2025. Rental expenses for the office facilities and equipment during the years ended June 30, 2020 and 2019 totaled \$283,258 and \$284,858 respectively. At June 30, 2020, the minimum future lease payments for non-cancelable leases are:

2021	\$	223,431
2022		128,350
2023		42,100
2024		12,000
2025		6,000

NOTE 10 RETIREMENT BENEFITS

NKCAC formed a defined contribution retirement plan covering substantially all of its employees. The plan provides for a discretionary matching contribution to all participants up to 2% of participant compensation as well as a discretionary employer contribution to the Executive Director. Contributions are determined on a discretionary basis each year. Contribution expense related to the plan was \$43,024 and \$43,597 for 2020 and 2019, respectively.

Multiple-Employer Pension Plan

NKCAC has elected to participate in the County Employee Retirement System (CERS), employer identification number 61-1431278, pursuant to KRS 78.510 administered by the Board of Trustees of the Kentucky Retirement System. This is a multi-employer public retirement system which covers all eligible, full-time employees and provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost-of-living adjustments (COLA) are provided at the discretion of the state legislature. Benefit contributions and provisions are established by statute.

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Notes to Financial Statements
(Continued)**

NOTE 10 RETIREMENT BENEFITS (CONTINUED)

Multiple-Employer Pension Plan (Continued)

The risks of a multi-employer plan differ from those of a single-employer plan. Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, then the unfunded obligations of the plan may be borne by the remaining participating employers. If NKCAC chooses to stop participating in the multi-employer plan, then it may be required to pay the plan an amount based on the underfunded status of the plan, referred to as the withdrawal liability.

The plan is not required to file a Form 5500, therefore certain plan information is not required to be made publicly available. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplemental information from CERS. This report may be obtained by writing to the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124. The most recent public information available for the plan is for the year ended June 30, 2019.

Non-hazardous plan members hired prior to September 1, 2008 are required to contribute 5 percent of annual creditable compensation, whereas those hired after this date are required to contribute 6 percent of annual creditable compensation with 1 percent of that contribution going to the KRS Insurance Fund.

There is an underfunded benefit obligation associated with the plan. Plan sponsors are required to contribute annually at an actuarially determined rate to satisfy the unfunded obligation. The rate for the plan years ended June 30, 2019 and 2018, the year-end of the plan, was 16.22% and 14.48%, respectively, of participating members' compensations. The rate for the plan year ending June 30, 2020 has been determined as 19.30%. The contribution requirement of NKCAC to the CERS for the years ended June 30, 2020 and 2019 was \$549,806 and \$493,216, respectively. There have been no significant changes that affect comparability of 2020 and 2019 contributions. Based on information as of June 30, 2019 and June 30, 2018, the year-end of the plan, NKCAC's contributions do not represent more than 5 percent of total contributions received by the Plan.

The following information is based on the financial statements of the Plan as of June 30:

	2019	2018
Actuarial value of plan assets	\$ 7,159,921	\$ 7,018,963
Actuarial present value of accumulated plan benefits	14,192,966	13,109,268
Total contributions received by the plan	393,453	358,017
Indicated level of funding	Less than 65%	Less than 65%

The Kentucky Retirement Systems Board of Directors anticipates an increase in future required pension contributions as a result of changes in actuarial assumptions. An estimate of future increases cannot be made.

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

Notes to Financial Statements (Continued)

NOTE 10 RETIREMENT BENEFITS (CONTINUED)

Multiple-Employer Postretirement Benefits Other than Pension Plans

NKCAC has elected to participate in the Kentucky Retirement Systems Insurance Fund (KRS Insurance Fund), which is administered by the Board of Trustees of the Kentucky Retirement System. This is a multi-employer public post-retirement system established to provide hospital and medical insurance for members receiving benefits from CERS and other state-backed retirement systems. The KRS Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. The dollar amount is subject to adjustment annually based on the retiree COLA and the Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth of Kentucky so demands.

Some spouse and dependents also qualify for the same proportion of coverage. The amount of contributions paid by the KRS Insurance Fund is based on a member's years of service. Effective January 1, 2013, the self-funding of healthcare benefits for most KRS Medicare eligible retirees ceased and these services were contracted through a fully-insured Medicare Advantage Plan with Humana Insurance Company.

Plan sponsors are required to contribute annually at an actuarially determined rate. The rate as of June 30, 2019 and 2018, the year end of the plan, was 5.26% and 4.70%, respectively, of participating members' compensations. The rate for the plan year ending June 30, 2020 has been determined as 4.76%. The contribution requirement of NKCAC to the KRS Insurance Fund for the years ended June 30, 2020 and 2019 was \$178,336 and \$160,091, respectively. There have been no significant changes that affect comparability of 2020 and 2019 contributions.

NOTE 11 CONTINGENT LIABILITIES

Expenditures by NKCAC under federal and state grants are subject to audit by funding agencies to determine compliance with grant conditions. Should any expenditure be disallowed, a liability to the funding agency will result, and NKCAC may be required to replace such disallowed expenditures from its non-Federal sources. In the opinion of management, no material grant expenditures were disallowed.

In the opinion of management, there are no pending legal actions for which the ultimate liability will have a material effect on the net assets of NKCAC.

NOTE 12 FAIR VALUE MEASUREMENTS

GAAP has a three-level hierarchy for fair value measurements based on transparency of valuation inputs as of the measurement date. The hierarchy is based on the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows: Level 1 inputs are unadjusted quoted prices for identical assets in active markets; Level 2 inputs are observable quoted prices for similar assets in active markets; Level 3 inputs are unobservable and reflect management's best estimate of what market participants would use as fair value.

The money market account is valued based upon the net asset value of the account and is classified within Level 2 of the hierarchy. The interest rate swap is valued by a third party utilizing models that use as their basis readily observable market parameters and is classified within Level 2 of the valuation hierarchy. There were no valuations using Level 1 or 3 inputs.

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Notes to Financial Statements
(Continued)**

NOTE 12 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value of financial assets and liabilities measured on a recurring basis as of June 30 are as following:

	2020	2019
Level 2		
Assets		
Cash - Ridgewood North - money market	\$ 67,232	\$ 66,932
Liabilities		
Interest rate swap	\$ 113,752	\$ 67,770

NOTE 13 SIGNIFICANT CONCENTRATIONS

GAAP requires disclosure of current vulnerabilities due to certain concentrations. Approximately 46% and 37% of all funding in both 2020 and 2019 was received from the U.S. Department of Health and Human Services for the Head Start Program. Community Action Kentucky funding for the Low Income Home Energy Assistance Program accounted for 23% and 15% of all funding for 2020 and 2019, respectively. Lastly, the National Council on Aging, Inc. for the Senior Community Services Employment Program accounted for 8% and 10% of all funding for 2020 and 2019, respectively.

NOTE 14 GUARANTY AGREEMENT

NKCAC has executed a guarantee agreement for Lincoln Grant Scholar House, LLLP that includes the following terms:

Operating Deficit Guaranty

Guarantee, jointly and severally with the general partner, whereby the general partner shall be obligated to provide up to \$309,000 to satisfy any operating deficits during the operating guarantee period, as defined in the agreement. The amounts advanced shall be treated as a non-interest bearing loan and be payable as cash flow permits, as determined by the partnership agreement.

NKCAC does not receive a fee for providing the guaranty and no amounts have been paid, accrued, or loaned to Lincoln Grant Scholar House, LLLP or individual partners of the partnership in relation to the guaranty agreement in 2020 and 2019. The maximum potential amount of future payments at June 30, 2020 that NKCAC could be required to make under the operating deficit guaranty is \$309,000. As of June 30, 2020, NKCAC believes it has a low risk of performance on the guaranty in relation to Lincoln Grant Scholar House, LLLP due to its experience with similar tax credit partnerships as well as the progress of the project in accordance with projections. There is no liability recorded at June 30, 2020 and 2019 for any obligations under the guaranty related to Lincoln Grant Scholar House, LLLP.

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

Notes to Financial Statements (Continued)

NOTE 14 GUARANTY AGREEMENT (CONTINUED)

NKCAC has executed a guarantee agreement for Ridgewood North L.P that includes the following terms:

Operating Deficit Guaranty

Guarantee, jointly and severally with the general partner, whereby the general partner shall be obligated to provide up to \$176,941 to satisfy any operating deficits during the operating guarantee period, as defined in the agreement. The amounts advanced shall be treated as a non-interest bearing loan and be payable as cash flow permits, as determined by the partnership agreement.

Development Fee Guaranty

Guarantee, jointly and severally with the general partner, to make development fee advances to pay any unpaid developer fees. Such funding shall be treated as a non-interest bearing loan and be payable as cash flow permits, as determined by the partnership agreement

Tax Credit Guaranty

Guarantee, jointly and severally with the general partner, to the limited partner to provide a credit reduction payment if the total amount of tax credits obtained are less than projected, if there is a timing difference from projections of available tax credits, or if there is a recapture of credits previously claimed. The limited partner shall reduce its required future equity contributions by the amount of the shortfall, as defined in the partnership agreement. In the event that the limited partner's future equity contribution installments cannot be reduced, the general partner will pay the partnership the required amount to cause the partnership to distribute to the limited partner amounts necessary for the credits lost with no limitation for this liability. Any amount paid by the general partner shall be treated as a non-interest bearing loan and be payable as cash flow permits, as determined by the partnership agreement.

NKCAC does not receive a fee for providing the guaranty and no amounts have been paid, accrued, or loaned to Ridgewood North L.P or individual partners of the partnership in relation to the guaranty agreement in 2020 and 2019. The maximum potential amount of future payments at June 30, 2020 that NKCAC could be required to make under the combined guaranties is \$265,000, per the agreement. As of June 30, 2020, NKCAC believes it has a low risk of performance on the guaranty in relation to Ridgewood North L.P due to its experience with similar tax credit partnerships as well as the progress of the project in accordance with projections. There is no liability recorded at June 30, 2020 and 2019 for any obligations under the guaranty related to Ridgewood North L.P.

NOTE 15 COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization ("WHO") recognized COVID-19 as a global pandemic, prompting many national, regional and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy. Consequently, there was disruption in the Organization's programs in 2020.

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Notes to Financial Statements
(Continued)**

NOTE 15 COVID-19 PANDEMIC (CONTINUED)

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on NKCAC's business and financial results will depend on future developments, including the duration and spread of the outbreak within the market in which the Organization operates and the related impact on consumer confidence and spending, all of which are highly uncertain.

ACCOMPANYING INFORMATION

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Schedule of Expenditures of Federal Awards and Accompanying Notes
Year Ended June 30, 2020**

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Agreement Number</u>	<u>Federal Expenditures for FYE 06/30/20</u>	<u>Passed Through to Subrecipients</u>
<u>U.S. Department of Health and Human Services</u>				
<i>Direct Program</i>				
Head Start	93.600	04CH4654-04-05	\$ 5,757,123	\$ -
Early Head Start	93.600	04HP0021-02-02	965,517	-
COVID-19 Early Head Start	93.600	04HP0021-02-02	157,500	-
Total 93.600			6,880,140	-
<i>Passed through Kentucky Association of Community Action Agencies</i>				
Low Income Energy Assistance (LIHEAP)	93.568	736-17000002734 Subcontract #LIHEAP 019	2,439,210	-
<i>Passed through Kentucky Housing Corporation</i>				
Low Income Energy Assistance -Weatherization (LIHEAP)	93.568	LH18-0616-02 Subcontract #LHWX-018	97,055	-
Total 93.568			2,536,265	-
<i>Passed through Kentucky Cabinet for Families and Children</i>				
Community Collaboration for Children (CCC)	93.590	PON 2736-1600001161	265,911	-
<i>Passed through Kentucky Cabinet for Families and Children</i>				
Community Services Block Grant	93.569	PON2736-17000002530	647,739	-
Total U.S. Department of Health and Human Services			10,330,055	-
<u>U.S. Department of Labor</u>				
<i>Direct Program</i>				
YouthBuild	17.274	YB-31058-17-60-A-21	443,268	-
Total 17.274			443,268	-
<i>Passed through National Council on Aging, Inc.</i>				
Senior Community Service Employment Program	17.235	AD-23230-13-55-A-11-49	1,303,459	-
Total U.S. Department of Labor			1,746,727	-
<u>U.S. Department of Agriculture</u>				
<i>Passed through State of Kentucky</i>				
Child Food Care	10.558	019M40999-11499	288,892	-
Total U.S. Department of Agriculture			288,892	-
<u>U.S. Department of Energy</u>				
<i>Passed through Kentucky Housing Corporation</i>				
Weatherization Assistance for Low Income Persons	81.042	WX16-0616-02 Subcontract DOE WX018	128,178	-
Total U.S. Department of Energy			128,178	-
<u>Corporation for National and Community Service</u>				
<i>Passed through State of Kentucky, Cabinet for Health and Family Services</i>				
YouthBuild of Northern Kentucky - Americorps	94.006	16NDHMA0010016	62,404	-
Total Corporation for National and Community Service			62,404	-
<u>U.S. Department of Housing and Urban Development</u>				
<i>Passed through Kentucky Housing Corporation</i>				
HouseWorks	14.275	GW16-0042-01	15,000	-
<i>Passed through Kentucky Housing Corporation</i>				
Housing Counseling	14.169	HC19-0441-001	22,672	-
Total U.S. Department of Housing and Urban Development			37,672	-
Total Expenditures of Federal Awards			\$ 12,593,928	\$ -

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Schedule of Expenditures of Federal Awards and Accompanying Notes
Year Ended June 30, 2020**

NOTE 1: BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes the federal grant activity of Northern Kentucky Community Action Commission for the year ended June 30, 2020. 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). Therefore, some amounts presented on this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements. There were no awards passed through to subrecipients for the year ended June 30, 2020

In accordance with grant award budgets approved by funding sources, equipment is charged to expense in the period during which it is purchased instead of being recognized as an asset and depreciated over its useful life for grant reporting purposes. As a result, the expenses reflected on the schedule of expenditures of federal awards include the cost of equipment purchased or leased during the year, rather than a provision for depreciation.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting in accordance with generally accepted accounting principles. 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

Northern Kentucky Community Action Commission has elected not to use the 10% de minimus indirect cost rate allowed under Uniform Guidance.

**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**

The Board of Directors
Northern Kentucky Community Action Commission
Covington, Kentucky

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 Northern Kentucky Community Action Commission (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 30, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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*.

**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
(CONTINUED)**

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.

Barnes, Dennig & Co., Ltd.

December 30, 2020
Crestview Hills, Kentucky

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

The Board of Directors
Northern Kentucky Community Action Commission
Covington, Kentucky

Report on Compliance for Each Major Federal Program

We have audited Northern Kentucky Community Action Commission's ("a nonprofit organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2020. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Program

In our opinion, Northern Kentucky Community Action Commission 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 June 30, 2020.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

Report on Internal Control over Compliance (Continued)

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

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

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.



December 30, 2020
Crestview Hills, Kentucky

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2020**

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None noted
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards:

Internal control over major programs

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None noted

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516 (a)? _____ Yes X No

Identification of Major Program(s):

<u>CFDA Number</u>	<u>Name of Federal Programs or Clusters</u>
93.600	Head Start/Early Head Start
17.235	Senior Community Service Employment Program (SCSEP)

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

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Findings

No matters are reportable

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020**

Reference Number	Summary of Finding	Status
-------------------------	---------------------------	---------------

No matters are reportable.

OTHER INFORMATION

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Status of Grant
Grant 04 CH-010592-01-03
Head Start Program
Year Ended June 30, 2020
(Unaudited)**

	Total		PA-22 Full Year Part Day Head Start		PA-20 Training and Technical Assistance	
	Federal Funds	Non-Federal Funds	Federal Funds	Non-Federal Funds	Federal Funds	Non-Federal Funds
Contributions approved						
Current year grant action	\$ 5,757,123	\$ 857,626	\$ 5,709,937	\$ 845,829	\$ 47,186	\$ 11,797
Expenditures reported	5,757,123	-	5,709,937	-	47,186	-
In-kind contributions received and applied	<u>-</u>	<u>995,000</u>	<u>-</u>	<u>983,203</u>	<u>-</u>	<u>11,797</u>
Excess/(deficit) of revenues over expenditures	<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>	
Excess/(deficit) of contributions received compared to required contributions		<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>
Excess/(deficit) of contributions received compared to 20% of total costs (Note 1)		<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>

Note 1: The Commission is subject to Federal audit examination of the current year to determine compliance with grant conditions. Should any Federal expenditures be disallowed, a liability to the United States could result and the Commission may be required to replace such disallowed expenses from non-Federal sources.

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Statement of Revenues and Expenses
Grant 04 CH-010592-01-03
Head Start Program
Year Ended June 30, 2020
(Unaudited)**

	<u>Total</u>	<u>PA-22 Full Year Part Day Head Start</u>	<u>PA-20 Training and Technical Assistance</u>
Revenues			
Current year federal funds awarded	\$ 5,757,113	\$ 5,709,927	\$ 47,186
Non-federal revenue	<u>857,627</u>	<u>845,830</u>	<u>11,797</u>
Total revenues	<u>6,614,740</u>	<u>6,555,757</u>	<u>58,983</u>
Expenses			
Federal share:			
Personnel	2,586,769	2,586,769	-
Fringe benefits	960,254	960,254	-
Travel	32,173	31,983	190
Equipment	-	-	-
Supplies	139,698	139,227	471
Contractual services	217,545	171,020	46,525
Facilities/construction	-	-	-
Other	1,067,148	1,067,148	-
Indirect costs	<u>753,526</u>	<u>753,526</u>	<u>-</u>
Total federal share of expenses	<u>5,757,113</u>	<u>5,709,927</u>	<u>47,186</u>
Non-federal share:			
Personnel	325,739	325,739	-
Other	<u>543,684</u>	<u>531,887</u>	<u>11,797</u>
Total non-federal share of expenses	869,423	857,626	11,797
Total expenses	<u>6,626,536</u>	<u>6,567,553</u>	<u>58,983</u>
Excess/(deficiency) of revenues over expenses	<u>\$ (11,796)</u>	<u>\$ (11,796)</u>	<u>\$ -</u>

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Schedule of Budgeted, Incurred, Questioned and Allowable Costs
Grant 04 CH-010592-01-03
Full Year Part Day Head Start Program PA-22
Year Ended June 30, 2020
(Unaudited)**

	Approved Budget	Total Incurred Costs	Questioned Costs	Total Allowable Costs	Actual (Over)/Under Budget
Budgeted categories					
Federal share:					
Personnel	\$ 2,689,959	\$ 2,586,769	\$ -	\$ 2,586,769	\$ 103,190
Fringe benefits	1,313,645	960,254	-	960,254	353,391
Travel	51,848	32,173	-	32,173	19,675
Equipment	300,000	-	-	-	300,000
Supplies	395,767	139,699	-	139,699	256,068
Contractual services	140,835	217,545	-	217,545	(76,710)
Facilities/construction	-	-	-	-	-
Other	613,341	1,067,148	-	1,067,148	(453,807)
Indirect costs	720,956	753,526	-	753,526	(32,570)
Total federal share of expenses	<u>6,226,351</u>	<u>5,757,114</u>	<u>-</u>	<u>5,757,114</u>	<u>469,237</u>
Percentages	<u>88%</u>	<u>87%</u>	<u>0%</u>	<u>87%</u>	<u>0%</u>
Non-federal share:					
Personnel	350,000	325,739	-	325,739	24,261
Other	466,999	531,887	-	531,887	(64,888)
Total non-federal share of expenses	<u>816,999</u>	<u>857,626</u>	<u>-</u>	<u>857,626</u>	<u>(40,627)</u>
Percentages	<u>12%</u>	<u>13%</u>	<u>0%</u>	<u>13%</u>	<u>0%</u>
Grand totals	<u>\$ 7,043,350</u>	<u>\$ 6,614,740</u>	<u>\$ -</u>	<u>\$ 6,614,740</u>	<u>\$ 428,610</u>
Percentages	<u>100%</u>	<u>100%</u>	<u>0%</u>	<u>100%</u>	<u>0%</u>

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Schedule of Budgeted, Incurred, Questioned and Allowable Costs
Grant 04 CH-010592-01-03
Training and Technical Assistance Head Start Program PA-20
Year Ended June 30, 2020
(Unaudited)**

	Approved Budget	Total Incurred Costs	Questioned Costs	Total Incurred Costs	Actual (Over)/Under Budget
Budgeted categories					
Federal share:					
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -
Fringe benefits	-	-	-	-	-
Travel	27,000	190	-	190	26,810
Equipment	-	-	-	-	-
Supplies	-	471	-	471	(471)
Contractual services	20,186	46,525	-	46,525	(26,339)
Facilities/construction	-	-	-	-	-
Other	-	-	-	-	-
Indirect costs	-	-	-	-	-
Total federal share of expenses	<u>47,186</u>	<u>47,186</u>	<u>-</u>	<u>47,186</u>	<u>-</u>
Percentages	<u>80%</u>	<u>80%</u>	<u>0%</u>	<u>80%</u>	<u>0%</u>
Non-federal share:					
Other	<u>11,797</u>	<u>11,797</u>	<u>-</u>	<u>11,797</u>	<u>-</u>
Total non-federal share of expenses	<u>11,797</u>	<u>11,797</u>	<u>-</u>	<u>11,797</u>	<u>-</u>
Percentages	<u>20%</u>	<u>20%</u>	<u>0%</u>	<u>20%</u>	<u>0%</u>
Grand totals	<u>\$ 58,983</u>	<u>\$ 58,983</u>	<u>\$ -</u>	<u>\$ 58,983</u>	<u>\$ -</u>
Percentages	<u>100%</u>	<u>100%</u>	<u>0%</u>	<u>100%</u>	<u>0%</u>

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Schedule of Property and Equipment – Head Start
Grant 04 CH-010592-01-03
Year Ended June 30, 2020
(Unaudited)**

	<u>Balance at June 30, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2020</u>
Land and buildings	\$ 2,150,592	\$ 38,194	\$ -	\$ 2,188,786
Furniture and equipment	461,710	83,183	38,897	505,996
Bus and auto	288,194	-	-	288,194
Leasehold improvements	<u>491,729</u>	<u>51,159</u>	<u>-</u>	<u>542,888</u>
Totals	<u>\$ 3,392,225</u>	<u>\$ 172,536</u>	<u>\$ 38,897</u>	<u>\$ 3,525,864</u>

Notes: (1) Asset additions consist of building and electric work on the Newport Head Start building (\$38,194), classroom, hallway and office renovations (\$25,348), outdoor and patio renovations (\$25,811) and smartboards and other learning materials (\$83,183). Asset disposals consist of old laptops, computers and projectors (\$38,897).

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Statement of Financial Participation
Community Service Block Grant Program (CSBG)
Year Ended June 30, 2020
(Unaudited)**

	<u>CSBG</u>	<u>Total</u>
Obligated funds:		
Total contract ceiling	<u>\$ 809,674</u>	<u>\$ 809,674</u>
CSBG financial participation (80%)	<u>647,739</u>	<u>647,739</u>
Total financial participation	647,739	647,739
Less total allowable expenses from funding source	<u>647,739</u>	<u>647,739</u>
Total obligated funds	<u>\$ -</u>	<u>\$ -</u>
(Over)/under payment:		
Total allowable expenses from funding source	\$ 647,739	\$ 647,739
Less contract payments received	<u>647,739</u>	<u>647,739</u>
Total (over)/under payment	<u>\$ -</u>	<u>\$ -</u>
CSBG local match requirement:		
CSBG allowable expenses from funding source; funding level restated at 100%	<u>\$ 809,674</u>	<u>\$ 809,674</u>
Local match requirement 20%	161,935	161,935
Less local in-kind match provided	<u>161,935</u>	<u>161,935</u>
Total excess local match provided	<u>\$ -</u>	<u>\$ -</u>

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Schedule of Budgeted, Incurred, Questioned and Allowable Costs
Community Service Block Grant Program (CSBG)
Year Ended June 30, 2020
(Unaudited)**

	Approved Budget	Total Incurred Costs	Questioned Costs	Total Allowable Costs	Actual (Over)/Under Budget
Expenses					
CSBG program:					
Salaries/wages	\$ 229,387	\$ 229,387	\$ -	\$ 229,387	\$ -
Fringe benefits	91,575	91,575	-	91,575	-
Consultants	35,402	35,402	-	35,402	-
Space costs	97,299	97,299	-	97,299	-
Equipment	1,952	1,952	-	1,952	-
Consumable supplies	5,706	5,706	-	5,706	-
Utilities	47,527	47,527	-	47,527	-
Transportation/travel	8,555	8,555	-	8,555	-
Other costs	63,516	63,516	-	63,516	-
Indirect costs	66,820	66,820	-	66,820	-
	<u>66,820</u>	<u>66,820</u>	<u>-</u>	<u>66,820</u>	<u>-</u>
Total CSBG expenses	<u>\$ 647,739</u>	<u>\$ 647,739</u>	<u>\$ -</u>	<u>\$ 647,739</u>	<u>\$ -</u>

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Schedule of Budgeted, Incurred, Questioned and Allowable Costs
Weatherization Program – Contract No. WX-20-0616-02; Sub Contract DOE WX018
Year Ended June 30, 2020
(Unaudited)**

	<u>Approved Budget</u>	<u>Total Incurred Costs</u>	<u>Questioned Costs</u>	<u>Total Allowable Costs</u>	<u>Actual (Over)/Under Budget</u>
Expenses					
Administration	\$ 33,740	\$ 29,715	\$ -	\$ 29,715	\$ 4,025
Material cost	34,717	10,549	-	10,549	24,168
Program support	88,901	51,120	-	51,120	37,781
Labor	49,696	18,773	-	18,773	30,923
Vehicles and equipment	-	-	-	-	-
Liability insurance	4,565	578	-	578	3,987
Financial audit	3,913	1,141	-	1,141	2,772
Training	20,000	16,303	-	16,303	3,697
Total	<u>\$ 235,532</u>	<u>\$ 128,179</u>	<u>\$ -</u>	<u>\$ 128,179</u>	<u>\$ 107,353</u>
Less contract payments - Kentucky Housing Corporation				<u>\$ 115,701</u>	
Total program revenue				128,179	
Under/(over) payment				<u>\$ -</u>	

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Schedule of Budgeted, Incurred, Questioned and Allowable Costs
Weatherization Program – LIHEAP – Contract No. LH19-0616-02; Sub Contract LWX-018
Year Ended June 30, 2020
(Unaudited)**

	<u>Approved Budget</u>	<u>Total Incurred Costs</u>	<u>Questioned Costs</u>	<u>Total Allowable Costs</u>	<u>Actual (Over)/Under Budget</u>
Expenses					
Administration	\$ 35,843	\$ 13,669	\$ -	\$ 13,669	\$ 22,174
Material cost	105,025	13,668	-	13,668	91,357
Program support	268,939	35,998	-	35,998	232,941
Labor	150,338	23,073	-	23,073	127,265
Vehicles and equipment	-	-	-	-	-
Liability insurance	3,121	629	-	629	2,492
Financial audit	-	-	-	-	-
Training	-	10,000	-	10,000	(10,000)
	<u>\$ 563,266</u>	<u>\$ 97,037</u>	<u>\$ -</u>	<u>\$ 97,037</u>	<u>\$ 466,229</u>
				<u>97,037</u>	
Less contract payments - Kentucky Housing Corporation				97,037	
Total program revenue				97,037	
Under/(over) payment				<u>\$ -</u>	

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

Statement of Program Expenses
LIHEAP Program – Contract No. 736-1700003964 Subcontract No. 019
Year Ended June 30, 2020
(Unaudited)

Expenses		
Administration:		
Staff wages	\$ 110,538	
Staff fringe	25,649	
Staff travel	1,574	
Postage	247	
Utilities	3,421	
Equipment costs	-	
Office supplies	39	
Miscellaneous	-	
Shared costs	30,022	
Other	36,717	
Single audit	-	
	<hr/>	
Total administrative expenses		\$ 208,207
Benefits:		
Subsidy benefits	325,878	
Crisis benefits	1,229,179	
Spring subsidy benefits	528,950	
Client education	146,996	
	<hr/>	
Total benefits expenses		<u>2,231,003</u>
Total allowable expenses		2,439,210
Less contract payments received		<u>(2,439,210)</u>
Under/(over) payment		<u><u>\$ -</u></u>

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Schedule of Budgeted, Incurred, Questioned and Allowable Costs
LIHEAP Program – Contract No. 736-170002734 Subcontract No. 019
Year Ended June 30, 2020
(Unaudited)**

	<u>Approved Budget</u>	<u>Total Incurred Costs</u>	<u>Questioned Costs</u>	<u>Total Allowable Costs</u>	<u>Actual (Over)/Under Budget</u>
Expenses					
Administration	<u>\$ 326,440</u>	<u>\$ 208,207</u>	<u>\$ -</u>	<u>\$ 208,207</u>	<u>\$ 118,233</u>
Benefits					
Subsidy	\$ 325,878	\$ 325,878	\$ -	\$ 325,878	\$ -
Crisis	1,229,179	1,229,179	-	1,229,179	-
Spring subsidy	1,563,738	528,950	-	528,950	1,034,788
Client education	<u>146,996</u>	<u>146,996</u>	<u>-</u>	<u>146,996</u>	<u>-</u>
Total benefits expenses	<u>\$ 3,265,791</u>	<u>\$ 2,231,003</u>	<u>\$ -</u>	<u>\$ 2,231,003</u>	<u>\$ 1,034,788</u>