

Northern Kentucky Community Action Commission, Inc.

**Financial Statements with Accompanying Information
June 30, 2021 and 2020, and
Independent Auditors' Report**

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

June 30, 2021 and 2020

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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, 2021 and 2020, 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, 2021 and 2020, 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)**

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 26-27, 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 31, 2021 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.

Barnes, Dennig & Co., Ltd.

December 30, 2021
Crestview Hills, Kentucky

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Statements of Financial Position
June 30, 2021 and 2020**

	2021	2020
Assets		
Cash and cash equivalents	\$ 1,115,295	\$ 2,727,823
Cash and cash equivalents - Ridgewood North	67,213	67,232
Certificates of deposit	359,486	357,213
Government grants receivable	1,786,156	1,508,704
Other assets	62,269	39,111
Cash restricted for repairs in Harvest Glen (formerly Crittenden)	15,435	11,658
Developer fee receivable	150,767	130,718
Investment in partnerships	550,101	500,100
Property and equipment, net	4,716,717	4,432,483
Total assets	\$ 8,823,439	\$ 9,775,042
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 539,961	\$ 789,450
Accrued expenses	752,168	680,692
Interest rate swap liability	75,104	113,752
Notes payable	3,154,687	3,234,300
Deferred rental income	452,308	460,385
Refundable advance	290,898	81,673
Total liabilities	5,265,126	5,360,252
Net Assets		
Without donor restrictions		
Undesignated	1,624,213	2,813,394
Board designated - Ridgewood North	426,699	424,444
Net investment in property and equipment	1,486,926	1,084,431
Total without donor restrictions	3,537,838	4,322,269
With donor restrictions	20,475	92,521
Total net assets	3,558,313	4,414,790
Total liabilities and net assets	\$ 8,823,439	\$ 9,775,042

See accompanying notes to financial statements

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Statements of Activities
Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Revenues and other support without donor restrictions:		
Federal grants and contracts	\$ 15,881,625	\$ 12,593,928
State and local grants and contracts	1,346,620	1,286,436
Private grants and contracts	522,455	518,057
In-kind contributions	750,307	970,586
Development fee	100,492	80,988
Rent income	84,268	71,736
Change in fair value of interest rate swap	38,648	(45,982)
Miscellaneous	35,502	63,820
Net assets released from restrictions	<u>92,521</u>	<u>13,854</u>
Total revenues and other support without donor restrictions	<u>18,852,438</u>	<u>15,553,423</u>
Expenses:		
Children's services	8,171,971	7,346,281
Family services	7,033,914	5,103,037
Weatherization and housing services	216,243	311,704
Community development	1,494,823	1,457,808
Administration and finance	<u>1,193,286</u>	<u>1,248,422</u>
Total expenses, excluding expenses allocated to PPP loan	<u>18,110,237</u>	<u>15,467,252</u>
Excess revenues without donor restrictions over expenses, prior to expenses allocated to PPP loan	742,201	86,171
Expenses allocated to PPP loan:		
Children's services	920,445	-
Family services	130,847	-
Weatherization and housing services	9,003	-
Community development	42,510	-
Administration and finance	<u>423,827</u>	<u>-</u>
Total expenses allocated to PPP loan	<u>1,526,632</u>	<u>-</u>
Change in net assets without donor restrictions	<u>(784,431)</u>	<u>86,171</u>
Net assets with donor restrictions:		
Private grants	20,475	106,375
Net assets released from restrictions	<u>(92,521)</u>	<u>(13,854)</u>
Change in net assets with donor restrictions	<u>(72,046)</u>	<u>92,521</u>
Change in net assets	(856,477)	178,692
Net assets, beginning of year	<u>4,414,790</u>	<u>4,236,098</u>
Net assets, end of year	<u>\$ 3,558,313</u>	<u>\$ 4,414,790</u>

See accompanying notes to financial statements

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Statement of Functional Expenses
Year Ended June 30, 2021**

	Program Services				Total	Administration and Finance	Total
	Children's Services	Family Services	Weatherization and Housing Services	Community Development			
Salaries	\$ 3,722,909	\$ 1,449,797	\$ 75,405	\$ 1,091,056	\$ 6,339,167	\$ 857,805	\$ 7,196,972
Fringe benefits	1,604,233	595,327	13,897	144,041	2,357,498	297,898	2,655,396
Contractual	1,193,198	236,283	54,536	34,105	1,518,122	157,775	1,675,897
Travel	20,399	7,163	370	1,037	28,969	2,461	31,430
Occupancy and equipment	448,771	316,028	18,761	40,545	824,105	20,398	844,503
Utilities	58,946	34,383	5,434	4,743	103,506	5,265	108,771
Supplies	27,918	17,978	1,129	3,446	50,471	29,996	80,467
Communication	64,673	67,923	2,548	11,840	146,984	21,909	168,893
Printing and publications	35,692	47,856	3,493	5,128	92,169	20,186	112,355
Insurance	26,680	27,628	15,164	6,013	75,485	(2,224)	73,261
Client benefits	741,788	4,177,338	8,421	9,532	4,937,079	1,342	4,938,421
Staff development	194,900	21,821	234	105	217,060	24,272	241,332
Legal fees	10,274	5,496	729	234	16,733	21,109	37,842
Other costs	157,145	61,513	2,697	14,827	236,182	92,621	328,803
In-kind expenditures	528,945	54,501	-	166,861	750,307	-	750,307
Interest	9,866	2,988	1,750	309	14,913	576	15,489
Depreciation	246,079	40,738	20,678	3,511	311,006	65,724	376,730
Total expenses	9,092,416	7,164,761	225,246	1,537,333	18,019,756	1,617,113	19,636,869
Allocation of indirect costs	1,059,294	407,263	21,099	29,113	1,516,769	(1,516,769)	-
Total expenses	\$ 10,151,710	\$ 7,572,024	\$ 246,345	\$ 1,566,446	\$ 19,536,525	\$ 100,344	\$ 19,636,869

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.

**Statements of Cash Flows
Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ (856,477)	\$ 178,692
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	376,730	381,386
Change in fair value of interest rate swap	(38,648)	45,982
Changes in:		
Government grants receivable	(277,452)	(516,016)
Other assets	(23,158)	8,133
Developer fee receivable	(20,049)	(3,547)
Accounts payable	(249,489)	565,815
Accrued expenses	71,476	172,751
Deferred rental income	(8,077)	(8,076)
Refundable advance	209,225	(5,830)
Net cash provided (used) by operating activities	<u>(815,919)</u>	<u>819,290</u>
Cash flows from investing activities		
Investment in partnerships	(50,001)	-
Purchase of property and equipment	<u>(660,964)</u>	<u>(231,353)</u>
Net cash used by investing activities	<u>(710,965)</u>	<u>(231,353)</u>
Cash flows from financing activities		
Purchase of certificates of deposit	(2,273)	(7,213)
Proceeds from notes payable	-	1,634,900
Principal payments on notes payable	<u>(79,613)</u>	<u>(74,043)</u>
Net cash provided (used) by financing activities	<u>(81,886)</u>	<u>1,553,644</u>
Net change in cash	(1,608,770)	2,141,581
Cash, cash equivalents and restricted cash, beginning of year	<u>2,806,713</u>	<u>665,132</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 1,197,943</u>	<u>\$ 2,806,713</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 15,532	\$ 33,152

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 \$20,475 and \$92,521 at June 30, 2021 and 2020, respectively. As of June 30, 2021, \$20,475 of net assets with donor restrictions are restricted for the development of youth. As of June 30, 2020 \$92,521 of net assets with donor restrictions are restricted for the 2021 NKCAC gala, Lincoln Grant Scholar House and local community health needs.

Cash, Cash Equivalents and Restricted Cash

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2021 and 2020, cash equivalents consists primarily of money market funds. 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.

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

Notes to Financial Statements (Continued)

NOTE 1 NATURE OF OPERATIONS (CONTINUED)

Cash, Cash Equivalents and Restricted Cash (Continued)

At June 30, 2021, cash and cash equivalents of \$1,115,295 and restricted cash of \$67,213 and \$15,435 reported within the statement of financial position sum to the total of \$1,197,943, which is the total of the cash and restricted cash shown in the statement of cash flows. 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.

Cash and Cash Equivalents – Ridgewood North

Cash and cash equivalents – 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, 2021 and 2020.

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.

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Notes to Financial Statements
(Continued)**

NOTE 1 NATURE OF OPERATIONS (CONTINUED)

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).

Contributions

The Organization records gifts of cash and other assets at their fair value as of the date of contribution. Such donations are recorded as revenue without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts received with a donor stipulations that limits their use are reported as 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 revenue 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, 2021, NKCAC had conditional promises to give from various federal and state funding sources of \$11,043,714 to be used for its Head Start, Early Head Start, Fatherhood, YouthBuild, Affordable Housing, Foster Grandparent, Senior Volunteer Program and Community Development Block Grant programs. At June 30, 2020, NKCAC had conditional promises to give from various federal and state funding sources of \$503,236 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.

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Notes to Financial Statements
(Continued)**

NOTE 1 NATURE OF OPERATIONS (CONTINUED)

In-Kind Contributions (Continued)

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

	2021			
	Child Development	Family Services	Community Development	Total
Value of facilities donated	\$ 386,646	\$ -	\$ -	\$ 386,646
Materials and supplies	57,085	7,500	-	64,585
Contractual	19,554	44,951	-	64,505
Training	-	-	166,861	166,861
Other	65,660	2,050	-	67,710
	<u>\$ 528,945</u>	<u>\$ 54,501</u>	<u>\$ 166,861</u>	<u>\$ 750,307</u>

	2020			
	Child Development	Family Services	Community Development	Total
Value of facilities donated	\$ 404,514	\$ 26,458	\$ -	\$ 430,972
Materials and supplies	87,791	3,563	-	91,354
Contractual	62,333	86,133	-	148,466
Training	-	-	155,254	155,254
Other	137,420	7,120	-	144,540
	<u>\$ 692,058</u>	<u>\$ 123,274</u>	<u>\$ 155,254</u>	<u>\$ 970,586</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.

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.

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

Notes to Financial Statements (Continued)

NOTE 1 NATURE OF OPERATIONS (CONTINUED)

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 2021, the Organization adopted ASU 2014-09, *Revenue from Contracts with Customers* ("Topic 606"), which replaces most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the ASU using the modified retrospective approach to all contracts that were not completed as of the beginning of fiscal year 2021. Results for reporting periods beginning after June 30, 2020 are presented under Topic 606, while prior period amounts and disclosures are not adjusted and continue to be reported under the accounting standards in effect for the prior period. The implementation of this standard did not have a significant impact on the financial statements.

New Accounting Standards

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 fiscal year ending June 30, 2023.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard increases transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. These include separate presentation in the statement of activities, disaggregation by type, policy and qualitative information about monetization and utilization, description of valuation techniques and inputs used to arrive at a fair value measure, and donor-imposed restrictions associated with the contributed nonfinancial assets. This standard will be effective for NKCAC's fiscal year ending June 30, 2022.

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 31, 2021, which is the date the financial statements were available to be used.

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Notes to Financial Statements
(Continued)**

NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows as of June 30:

	2021	2020
Cash and cash equivalents	\$ 1,115,295	\$ 2,727,823
Cash and cash equivalents - Ridgewood North	67,213	67,232
Certificates of deposit	359,486	357,213
Government grants receivable	1,786,156	1,508,704
Developer fees receivable	150,767	130,718
Total financial assets	3,478,917	4,791,690
Less: Developer fees to be received in greater than one year	(150,767)	(130,718)
Less: Net assets with donor restrictions	(20,475)	(92,521)
Less: Board designated funds	(426,699)	(424,444)
Total financial assets available within one year	\$ 2,880,976	\$ 4,144,007

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 for both June 30, 2021 and 2020, which it could draw upon. The Organization has \$426,699 and \$424,444 as of June 30, 2021 and 2020, 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.

NOTE 3 CERTIFICATES OF DEPOSIT

The Organization held \$359,486 and \$357,213 in certificates of deposits as of June 30, 2021 and 2020, respectively. The certificates of deposit all have original maturity dates of greater than three months and are recorded at original investment plus accrued interest.

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Notes to Financial Statements
(Continued)**

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment at June 30 consisted of the following:

	2021	2020
Land	\$ 1,234,700	\$ 1,234,700
Buildings and improvements	5,022,994	4,734,065
Equipment	1,300,793	1,016,286
Vehicles	485,575	443,263
Leasehold improvements	554,547	542,889
	8,598,609	7,971,203
Less accumulated depreciation	(3,881,892)	(3,538,720)
	\$ 4,716,717	\$ 4,432,483

Land recorded at \$170,000 at both June 30, 2021 and 2020 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, 2021 and 2020 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, 2021 and 2020. NKCAC received a total developer fee estimated at \$249,600, which was recognized as revenue according to the development services agreement. In 2021 and 2020, NKCAC recognized \$66,786 and \$80,988, respectively, as development fee revenue. NKCAC may be required under the partnership agreement to fund operating deficits up to the amount of previously received development fees. At both June 30, 2021 and 2020, \$-0-, of the developer fee remains outstanding.

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 \$452,308 and \$460,385 at June 30, 2021 and 2020, respectively. Lease revenue was \$13,907 for 2021 and 2020.

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:

	2020	2019
Assets - cash, buildings and improvements, other	\$ 8,062,482	\$ 8,385,130
Liabilities	\$ 692,856	\$ 744,891
Members' capital	\$ 7,369,626	\$ 7,640,239
Net loss	\$ (252,969)	\$ (275,423)

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, 2021 and 2020 is \$550,101 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 development fees. At June 30, 2021 and 2020, \$127,171 and \$130,718, 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:

	2020	2019
Assets - cash, buildings and improvements, other	\$ 8,638,349	\$ 9,095,363
Liabilities	\$ 2,120,596	\$ 2,127,938
Partners' equity	\$ 6,517,753	\$ 6,967,425
Net loss	\$ (449,672)	\$ (429,703)

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.

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. No initial investment or future capital investments are required under the partnership agreements for NKCAC Farmview Apartments LLC or Union Farmview LLLP. In 2021 NKCAC invested \$50,001 into the partnership which was recognized as an investment in the partnerships as of June 30, 2021 and 2020. As of June 30, 2021 and 2020, the construction of the project is still underway. There were no assets, liabilities, members capital or operation activities in either partnership as of June 30, 2021 and 2020.

NKCAC received a total developer fee estimated at \$311,400, which is recognized as revenue according to the development services agreement. In 2021 and 2020, NKCAC recognized \$33,706 and \$-0-, respectively, as development fee 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, 2021 and 2020, \$23,596 and \$-0-, respectively of the development fee revenue earned remains outstanding.

The following is an unaudited summary of the financial position and results of operations for Union Farmview LLLP as of June 30:

	2020	2019
Assets - cash, buildings and improvements, other	\$ 6,011,273	\$ -
Liabilities	\$ 4,102,712	\$ -
Partners' equity	\$ 1,908,561	\$ -
Net income	\$ 50,001	\$ -

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% (1.59% and 1.67% at June 30, 2021 and 2020, respectively). At June 30, 2021 and 2020 there was no balance outstanding on the line. The line of credit expires in April 2022.

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:

	2021	2020
Kentucky Housing Corporation (Thirty year, 1% loan, maturing on June 1, 2035) (A)	\$ 55,713	\$ 59,365
Kentucky Housing and Homeless Coalition (Twenty year, interest-free loan, maturing on July 1, 2027) (B)	5,040	5,760
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)	913,115	968,203
PNC Bank Head Start Equipment Loan (Four year, 5.08% loan, maturing on October 17, 2022) (E)	28,409	48,562
Payroll Protection Program Loan (Two year, 1% loan, maturing on 4/22/2022) (F)	1,634,900	1,634,900
	\$ 3,154,687	\$ 3,234,300

Aggregate annual maturities of long-term debt, excluding the PPP loan, at June 30, 2021 are as follows:

2022	\$	80,399
2023		68,684
2024		63,830
2025		66,290
2026		63,392
Thereafter		1,177,192
		\$ 1,519,787

(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, 2021 and 2020 was 1.45% and 1.53%, respectively. 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. 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. In 2021 NKCAC was informed by the bank that they received an overfunded amount of PPP loan. This overfunded balance of \$108,268 was paid in full by NKCAC on December 9, 2021. The Organization has submitted the application for the remaining balance to be forgiven but has not received forgiveness as of year-end. The outstanding balance for this note payable was \$1,634,900 as of both June 30, 2021 and 2020.

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% (1.45% and 1.53% at June 30, 2021 and 2020, respectively) and to pay interest to the counterparty at a fixed rate of 4.007% on a notional amount of \$913,363 and \$965,873 at June 30, 2021 and 2020, respectively. Under the agreement, NKCAC pays or receives the net interest amount monthly, with the monthly settlements included in interest expense.

NOTE 8 REFUNDABLE ADVANCE

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, 2021 and 2020, the balance of the deferred AHTF grant was \$75,842 and \$81,673, respectively. NKCAC anticipates the continued use of this property as affordable housing. Other refundable advances of \$215,056 and \$-0- at June 30, 2021 and 2020, respectively, are to be used for child care and will be recognized as revenue as qualifying expenses are incurred.

NOTE 9 LEASE COMMITMENTS

NKCAC leases several office facilities and equipment under operating leases expiring in various years through 2026. Rental expenses for the office facilities and equipment during the years ended June 30, 2021 and 2020 totaled \$279,531 and \$283,258 respectively. At June 30, 2021, the minimum future lease payments for non-cancelable leases are:

2022	\$	193,559
2023		132,100
2024		103,000
2025		96,000
2026		90,000

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 \$47,464 and \$43,024 for 2021 and 2020, 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, 2020.

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, 2020 and 2019, the year-end of the plan, was 19.30% and 16.22%, respectively, of participating members' compensations. The rate for the plan year ending June 30, 2021 has been determined as 19.30%. The contribution requirement of NKCAC to the CERS for the years ended June 30, 2021 and 2020 was \$665,288 and \$549,806, respectively. There have been no significant changes that affect comparability of 2021 and 2020 contributions. Based on information as of June 30, 2020 and June 30, 2019, 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:

	<u>2020</u>	<u>2019</u>
Actuarial value of plan assets	\$ 7,027,329	\$ 7,159,921
Actuarial present value of accumulated plan benefits	14,697,244	14,192,966
Total contributions received by the plan	475,416	393,453
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, 2020 and 2019, the year end of the plan, was 4.76% and 5.26%, respectively, of participating members' compensations. The rate for the plan year ending June 30, 2021 has been determined as 4.76%. The contribution requirement of NKCAC to the KRS Insurance Fund for the years ended June 30, 2021 and 2020 was \$164,115 and \$178,336, respectively. There have been no significant changes that affect comparability of 2021 and 2020 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:

	2021	2020
Level 2		
Liabilities		
Interest rate swap	\$ 75,104	\$ 113,752

NOTE 13 SIGNIFICANT CONCENTRATIONS

GAAP requires disclosure of current vulnerabilities due to certain concentrations. Approximately 41% and 46% of all funding in 2021 and 2020, respectively, 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 19% and 23% of all funding for 2021 and 2020, respectively.

NOTE 14 GUARANTY AGREEMENTS

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 2021 and 2020. The maximum potential amount of future payments at June 30, 2021 that NKCAC could be required to make under the operating deficit guaranty is \$309,000. As of June 30, 2021, 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, 2021 and 2020 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 AGREEMENTS (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 2021 and 2020. The maximum potential amount of future payments at June 30, 2021 that NKCAC could be required to make under the operating deficit guaranty is \$176,941. The maximum potential amount of future payments at June 30, 2021 that NKCAC could be required to make under all guaranties in total is \$265,000. As of June 30, 2021, 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, 2021 and 2020 for any obligations under the guaranty related to Ridgewood North L.P.

NKCAC has executed guarantee agreements for Union Farmville LLLP that includes the following terms:

Construction Completion Guaranty

Guarantee, jointly and severally with the general partner, to fund any reduction in the principal amount or interest rate of the permanent financing necessary and all excess development costs. Such funding shall be treated as a non-interest-bearing loan and be payable as cash flow permit, as determined by the partnership agreement

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

Notes to Financial Statements (Continued)

NOTE 14 GUARANTY AGREEMENTS (CONTINUED)

Operating Deficit Guaranty

Guarantee, jointly and severally with the general partner, whereby the general partner shall be obligated to provide up to \$248,913 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.

Loan Guaranty

Guarantee, jointly and severally with the general partner, for the full principal and interest amount of the construction loan agreement. NKCAC's obligation for this guaranty is limited to the developer fee payable to NKCAC, the cash flow from the project and other profits from the project. NKCAC would be obligated in the event the Union Farmville LLLP were unable to meet principal or interest payments when they become due.

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 Union Farmview LLLP or individual partners of the partnership in relation to the guaranty agreement in 2021 and 2020. The maximum potential amount of future payments at June 30, 2021 that NKCAC could be required to make under the construction completion guaranty is not estimable due to the unlimited nature of the guaranty agreement noted above. The maximum potential amount of future payments at June 30, 2021 that NKCAC could be required to make under the operating deficit guaranty is \$248,913. The maximum potential amount of future payments at June 30, 2021 that NKCAC could be required to make under the loan guaranty is \$311,400, which represents its share of the development fee payable in connection with the project. As of June 30, 2021, NKCAC believes it has a low risk of performance on the guaranties in relation to Union Farmview 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, 2021 and 2020 for any obligations under the guaranties related to Union Farmview LLLP.

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.

NOTE 16 SUBSEQUENT EVENTS

On November 30, 2021, NKCAC entered into an agreement to purchase the property located at 3261 Maplewood Drive in Burlington, Kentucky for \$365,000 paid in cash. This property will be renovated and used as a facility for the Boone County Head Start program.

ACCOMPANYING INFORMATION

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Schedule of Expenditures of Federal Awards and Accompanying Notes
Year Ended June 30, 2021**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Agreement Number	Total Federal Expenditure	Passed Through to Subrecipients
<u>U.S. Department of Health and Human Services</u>				
<i>Direct Program</i>				
Head Start	93.600	04CH010592-03-02	\$ 5,689,012	\$ -
Early Head Start	93.600	04HP000426-01-03	1,071,336	-
Head Start Duration	93.600	04CH010592-01-02	274,025	-
Head Start Disaster Phase I	93.600	04TD000154-01-00	378,853	-
Head Start - COVID-19	93.600	04CH010592-03-01	395,463	-
Early Head Start - COVID-19	93.600	04HP000426	39,885	-
Total 93.600			7,848,574	-
<i>Direct Program</i>				
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	90ZJ0049-01-00	281,473	-
Total 93.086			281,473	-
<i>Passed through Kentucky Association of Community Action Agencies</i>				
Low Income Energy Assistance (LIHEAP)	93.568	736-20000016585 Subcontract #LIHEAP 019	3,476,405	-
<i>Passed through Kentucky Housing Corporation</i>				
Low Income Energy Assistance -Weatherization (LIHEAP)	93.568	LH21-0616-022 Subcontract #LHWX-018	66,962	-
Total 93.568			3,543,367	-
<i>Passed through Kentucky Cabinet for Health and Family Services</i>				
Community Collaboration for Children (CCC)	93.590	PON 2736-2000002665	265,911	-
<i>Passed through Kentucky Cabinet for Health and Family Services</i>				
Community Services Block Grant	93.569	PON2736-2100001639	1,095,816	-
<i>Passed through Kentucky Cabinet for Health and Family Services</i>				
Child Care and Development Block Grant - Cared Stipend	93.575	Public Law 116-136	132,374	-
Total U.S. Department of Health and Human Services			13,167,515	-
<u>U.S. Department of Labor</u>				
<i>Direct Program</i>				
YouthBuild	17.274	YB-34283-19-60-A-21	382,969	-
YouthBuild	17.274	YB-31058-17-60-A-21	65,936	-
Total 17.274			448,905	-
<i>Passed through National Council on Aging, Inc.</i>				
Senior Community Service Employment Program	17.235	AD-35218-20-60-A-51 Subcontract 49	1,322,892	-
<i>Passed through Northern Kentucky Workforce Investment Board</i>				
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	258CV20 Sub: NEG COVID19 - 488-0688	40,242	-
Total U.S. Department of Labor			1,812,039	-
<u>U.S. Department of Agriculture</u>				
<i>Passed through State of Kentucky</i>				
Child Food Care	10.558	019M40999-11499	137,360	-
Total U.S. Department of Agriculture			137,360	-
<u>U.S. Department of Energy</u>				
<i>Passed through Kentucky Housing Corporation</i>				
Weatherization Assistance for Low Income Persons	81.042	WX21-0616-02 Subcontract DOEWX-018	91,952	-
Total U.S. Department of Energy			91,952	-
<u>Corporation for National and Community Service</u>				
<i>Passed through Kentucky Cabinet for Health and Family Services</i>				
YouthBuild of Northern Kentucky - Americorps	94.006	19NDHMA0030008	38,905	-
YouthBuild of Northern Kentucky - Americorps	94.006	19NDHMA0030015	38,667	-
Total Corporation for National and Community Service			77,572	-
<u>U.S. Department of Justice</u>				
<i>Passed through YouthBuild USA</i>				
Juvenile Mentoring Program	16.726	2019-JU-FX-0005	31,815	-
Total U.S. Department of Justice			31,815	-
<u>U.S. Department of Housing and Urban Development</u>				
<i>Passed through Kentucky Housing Corporation</i>				
Housing Counseling	14.169	HC20-0441-003	8,555	-
<i>Passed through Kentucky Housing Corporation</i>				
Emergency Solutions	14.231	CV-ES20-0616-01	25,274	-
<i>Passed through Kentucky Housing Corporation</i>				
Home Investment Partnerships	14.239	TB20-0616-01	58,824	-
Total U.S. Department of Housing and Urban Development			92,653	-
<u>Department of the Treasury</u>				
<i>Passed through Kentucky Cabinet for Health and Family Services</i>				
Coronavirus Relief Fund - LIHEAP Healthy at Home	21.019	736-20000016585 Subcontract #LIHEAP 019	470,719	-
Total U.S. Department of Justice			470,719	-
Total Expenditures of Federal Awards			\$ 15,881,625	\$ -

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Schedule of Expenditures of Federal Awards and Accompanying Notes
Year Ended June 30, 2021**

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, 2021. 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, 2021

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, 2021, 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, 2021.

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, 2021
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, 2021. 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, 2021.

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.

Barnes, Dennig & Co., Ltd.

December 31, 2021
Crestview Hills, Kentucky

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2021**

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>
93.568	Low Income Energy Assistance (LIHEAP)
93.569	Community Services Block Grant (CSBG)

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, 2021**

Reference Number	Summary of Finding	Status
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No matters are reportable.

OTHER INFORMATION

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Status of Grant
Grant 04 CH-010592-03-03
Head Start Program
Year Ended June 30, 2021
(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	\$ 5,671,484	\$ 394,721	\$ 5,624,298	\$ 394,721	\$ 47,186	\$ -
Expenditures reported	5,671,484	-	5,624,298	-	47,186	-
In-kind contributions received and applied	<u>-</u>	<u>394,721</u>	<u>-</u>	<u>394,721</u>	<u>-</u>	<u>-</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-010592-03-03
Head Start Program
Year Ended June 30, 2021
(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	\$ 5,671,484	\$ 5,624,298	\$ 47,186
Non-federal revenue	<u>394,721</u>	<u>394,721</u>	<u>-</u>
Total revenues	<u>6,066,205</u>	<u>6,019,019</u>	<u>47,186</u>
Expenses			
Federal share:			
Personnel	2,618,279	2,618,279	-
Fringe benefits	1,033,926	1,033,926	-
Travel	(69)	(69)	-
Equipment	-	-	-
Supplies	163,122	163,122	-
Contractual services	525,354	489,412	35,942
Facilities/construction	-	-	-
Other	587,641	576,397	11,244
Indirect costs	<u>743,231</u>	<u>743,231</u>	<u>-</u>
Total federal share of expenses	<u>5,671,484</u>	<u>5,624,298</u>	<u>47,186</u>
Non-federal share:			
Personnel	-	-	-
Other	<u>394,721</u>	<u>394,721</u>	<u>-</u>
Total non-federal share of expenses	394,721	394,721	-
Total expenses	<u>6,066,205</u>	<u>6,019,019</u>	<u>47,186</u>
Excess/(deficiency) of revenues over expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Schedule of Budgeted, Incurred, Questioned and Allowable Costs
Grant 04 CH-010592-03-03
Full Year Part Day Head Start Program PA-22
Year Ended June 30, 2021
(Unaudited)**

	Approved Budget	Total Incurred Costs	Questioned Costs	Total Allowable Costs	Actual (Over)/Under Budget
Budgeted categories					
Federal share:					
Personnel	\$ 2,823,976	\$ 2,618,279	\$ -	\$ 2,618,279	\$ 205,697
Fringe benefits	1,335,802	1,033,926	-	1,033,926	301,876
Travel	30,000	(69)	-	(69)	30,069
Equipment	-	-	-	-	-
Supplies	67,915	163,122	-	163,122	(95,207)
Contractual services	197,929	489,412	-	489,412	(291,483)
Facilities/construction	-	-	-	-	-
Other	346,053	576,397	-	576,397	(230,344)
Indirect costs	822,623	743,231	-	743,231	79,392
Total federal share of expenses	<u>5,624,298</u>	<u>5,624,298</u>	<u>-</u>	<u>5,624,298</u>	<u>-</u>
Percentages	<u>93%</u>	<u>93%</u>	<u>0%</u>	<u>93%</u>	<u>0%</u>
Non-federal share:					
Personnel	-	-	-	-	-
Other	394,721	394,721	-	394,721	-
Total non-federal share of expenses	<u>394,721</u>	<u>394,721</u>	<u>-</u>	<u>394,721</u>	<u>-</u>
Percentages	<u>7%</u>	<u>7%</u>	<u>0%</u>	<u>7%</u>	<u>0%</u>
Grand totals	<u><u>\$ 6,019,019</u></u>	<u><u>\$ 6,019,019</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,019,019</u></u>	<u><u>\$ -</u></u>
Percentages	<u><u>100%</u></u>	<u><u>100%</u></u>	<u><u>0%</u></u>	<u><u>100%</u></u>	<u><u>0%</u></u>

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Schedule of Budgeted, Incurred, Questioned and Allowable Costs
Grant 04 CH-010592-03-03
Training and Technical Assistance Head Start Program PA-20
Year Ended June 30, 2021
(Unaudited)**

	Approved Budget	Total Incurred Costs	Questioned Costs	Total Incurred Costs	Actual (Over)/Under Budget
Budgeted categories					
Federal share:					
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -
Fringe benefits	-	-	-	-	-
Travel	25,000	-	-	-	25,000
Equipment	-	-	-	-	-
Supplies	-	-	-	-	-
Contractual services	22,186	35,942	-	35,942	(13,756)
Facilities/construction	-	-	-	-	-
Other	-	11,244	-	11,244	(11,244)
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>100%</u>	<u>100%</u>	<u>0%</u>	<u>100%</u>	<u>0%</u>
Non-federal share:					
Other	-	-	-	-	-
Total non-federal share of expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Percentages	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
Grand totals	<u>\$ 47,186</u>	<u>\$ 47,186</u>	<u>\$ -</u>	<u>\$ 47,186</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, 2021
(Unaudited)**

	Balance at June 30, 2020	Additions	Disposals	Balance at June 30, 2021
Land and buildings	\$ 2,188,786	\$ 263,229	\$ -	\$ 2,452,015
Furniture and equipment	505,996	156,676	-	662,672
Bus and auto	288,194	42,312	-	330,506
Leasehold improvements	542,889	11,658	-	554,547
Totals	<u>\$ 3,525,865</u>	<u>\$ 473,875</u>	<u>\$ -</u>	<u>\$ 3,999,740</u>

Notes: (1) Asset additions consist of renovations for new carpet, window and wall installations (\$251,729), replacement of a water heater, storage shed and concrete (\$11,658), roof replacement (\$11,500), two Ford Escapes (\$42,312), computer and equipment (\$78,600) and fencing and fixtures for playgrounds (\$78,076).

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Statement of Financial Participation
Community Service Block Grant Program (CSBG)
Year Ended June 30, 2021
(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, 2021
(Unaudited)**

	Approved Budget	Total Incurred Costs	Questioned Costs	Total Allowable Costs	Actual (Over)/Under Budget
Expenses					
CSBG program:					
Salaries/wages	\$ 233,758	\$ 233,758	\$ -	\$ 233,758	\$ -
Fringe benefits	94,016	94,016	-	94,016	-
Consultants	27,000	27,000	-	27,000	-
Space costs	110,387	110,387	-	110,387	-
Equipment	2,000	2,000	-	2,000	-
Consumable supplies	5,600	5,600	-	5,600	-
Utilities	46,000	46,000	-	46,000	-
Transportation/travel	11,000	11,000	-	11,000	-
Other costs	49,884	49,884	-	49,884	-
Indirect costs	68,094	68,094	-	68,094	-
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, 2021
(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	\$ 28,886	\$ 18,000	\$ -	\$ 18,000	\$ 10,886
Material cost	31,165	1,172	-	1,172	29,993
Program support	79,806	62,318	-	62,318	17,488
Labor	44,612	1,830	-	1,830	42,782
Vehicles and equipment	-	-	-	-	-
Liability insurance	4,565	665	-	665	3,900
Financial audit	3,913	809	-	809	3,104
Training	18,723	7,158	-	7,158	11,565
	<u>\$ 211,670</u>	<u>\$ 91,952</u>	<u>\$ -</u>	<u>\$ 91,952</u>	<u>\$ 119,718</u>
Total					
Less contract payments - Kentucky Housing Corporation				<u>\$ 91,952</u>	
Total program revenue				91,952	
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, 2021
(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	\$ 24,304	\$ 1,890	\$ -	\$ 1,890	\$ 22,414
Material cost	70,896	185	-	185	70,711
Program support	181,544	64,401	-	64,401	117,143
Labor	101,484	486	-	486	100,998
Vehicles and equipment	-	-	-	-	-
Liability insurance	3,121	-	-	-	3,121
Financial audit	-	-	-	-	-
Training	36,549	-	-	-	36,549
	<u>\$ 417,898</u>	<u>\$ 66,962</u>	<u>\$ -</u>	<u>\$ 66,962</u>	<u>\$ 350,936</u>
				<u>66,962</u>	
Less contract payments - Kentucky Housing Corporation				<u>66,962</u>	
Total program revenue				66,962	
Under/(over) payment				<u>\$ -</u>	

NORTHERN KENTUCKY COMMUNITY ACTION COMMISSION, INC.

**Statement of Program Expenses
LIHEAP Program – Contract No. 736-20000016585 Subcontract No. 019
Year Ended June 30, 2021
(Unaudited)**

Expenses		
Administration:		
Staff wages	\$	137,887
Staff fringe		38,096
Staff travel		269
Postage		-
Utilities		419
Equipment costs		-
Office supplies		11
Miscellaneous		1,739
Shared costs		48,393
Other		70,910
Single audit		<u>7,203</u>
Total administrative expenses	\$	<u>304,927</u>
Benefits:		
Summer crisis benefits		779,889
Summer subsidy benefits		449,050
Subsidy benefits		288,900
Crisis benefits		1,196,139
Spring subsidy benefits		369,100
Client education		<u>88,400</u>
Total benefits expenses		<u>3,171,478</u>
Total allowable expenses		3,476,405
Less contract payments received		<u>(3,476,405)</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. 736-20000016585 Subcontract No. 019
Year Ended June 30, 2021
(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>\$ 304,927</u>	<u>\$ 304,927</u>	<u>\$ -</u>	<u>\$ 304,927</u>	<u>\$ -</u>
Benefits					
Summer crisis	\$ 779,889	\$ 779,889	\$ -	\$ 779,889	\$ -
Summer subsidy	449,050	449,050	-	449,050	-
Subsidy	288,900	288,900	-	288,900	-
Crisis	1,196,139	1,196,139	-	1,196,139	-
Spring subsidy	369,100	369,100	-	369,100	-
Client education	<u>88,400</u>	<u>88,400</u>	<u>-</u>	<u>88,400</u>	<u>-</u>
Total benefits expenses	<u>\$ 3,171,478</u>	<u>\$ 3,171,478</u>	<u>\$ -</u>	<u>\$ 3,171,478</u>	<u>\$ -</u>