

FULMONT COMMUNITY
ACTION AGENCY, INC.
Financial Statements and
Supplementary Information
September 30, 2023 and 2022
(With Independent Auditors' Report Thereon)

FULMONT COMMUNITY ACTION AGENCY, INC.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Fulmont Community Action Agency, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Fulmont Community Action Agency, Inc. (the Agency) (a nonprofit organization), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fulmont Community Action Agency, Inc. as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in note 12 to the financial statements, the Agency adopted ASC 842 Leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audits.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 5, 2024 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
February 5, 2024

FULMONT COMMUNITY ACTION AGENCY, INC.
 Statements of Financial Position
 September 30, 2023 and 2022

	<u>Assets</u>	<u>2023</u>	<u>2022</u>
Current assets:			
Cash and equivalents		\$ 470,612	505,381
Receivables		445,948	868,028
Prepaid expenses		-	5,135
Total current assets		<u>916,560</u>	<u>1,378,544</u>
Right-of-use asset - operating leases		41,531	-
Investments		75,050	74,640
Leasehold improvements and equipment		1,312,120	1,312,120
Less accumulated depreciation and amortization		<u>(996,173)</u>	<u>(932,626)</u>
Net leasehold improvements and equipment		<u>315,947</u>	<u>379,494</u>
Total assets		<u>\$ 1,349,088</u>	<u>1,832,678</u>
<u>Liabilities and Net Assets</u>			
Current liabilities:			
Accounts payable		58,644	40,923
Accrued expenses		554,013	494,280
Deferred revenue		20,515	207,899
Line of credit		-	125,000
Current installments of lease liabilities		<u>18,109</u>	<u>-</u>
Total current liabilities		<u>651,281</u>	<u>868,102</u>
Long-term liability - lease liabilities, net of current installments		<u>23,422</u>	<u>-</u>
Total liabilities		674,703	868,102
Net assets without donor restrictions:			
Available for operations		358,438	585,082
Net investment in leasehold improvements and equipment		<u>315,947</u>	<u>379,494</u>
Total net assets without donor restrictions		<u>674,385</u>	<u>964,576</u>
Contingency (note 10)		<u>-</u>	<u>-</u>
Total liabilities and net assets		<u>\$ 1,349,088</u>	<u>1,832,678</u>

See accompanying notes to financial statements.

FULMONT COMMUNITY ACTION AGENCY, INC.
 Statements of Activities
 Years ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenue:		
Grants from governmental agencies	\$ 4,748,993	4,946,962
Contributed nonfinancial assets	579,236	563,067
Contributions	39,609	29,539
Program and fee revenue	894,826	1,130,158
Interest	3,344	1,088
Other revenue	<u>47,962</u>	<u>15,664</u>
Total revenue	<u>6,313,970</u>	<u>6,686,478</u>
Expenses:		
Program services	5,909,646	5,871,909
Management and general	<u>694,515</u>	<u>610,821</u>
Total expenses	<u>6,604,161</u>	<u>6,482,730</u>
Change in net assets without donor restrictions	(290,191)	203,748
Net assets without donor restrictions at beginning of year	<u>964,576</u>	<u>760,828</u>
Net assets without donor restrictions at end of year	<u><u>\$ 674,385</u></u>	<u><u>964,576</u></u>

See accompanying notes to financial statements.

FULMONT COMMUNITY ACTION AGENCY, INC.
Statement of Functional Expenses
Year ended September 30, 2023
with comparative totals for 2022

	Program services	Management and general	<u>Total</u>	
			<u>2023</u>	<u>2022</u>
Personnel costs	\$ 2,991,509	510,229	3,501,738	3,437,413
Payroll taxes and fringe benefits	895,945	111,154	1,007,099	1,006,937
Contributed nonfinancial assets	579,236	-	579,236	563,067
Sub-contract labor	151,878	-	151,878	112,802
Materials	255,663	-	255,663	214,306
Repairs and maintenance	65,147	282	65,429	55,056
Utilities	27,397	-	27,397	20,492
Program expenses	66,994	-	66,994	78,872
Professional fees	40,826	7,084	47,910	69,112
Contractual	129,408	1,238	130,646	146,786
Occupancy	40,039	1,173	41,212	53,323
Training	39,072	682	39,754	31,420
Postage	6,201	2,747	8,948	9,453
Supplies	156,095	29,470	185,565	194,543
Telephone	31,588	3,580	35,168	36,441
Advertising	25,925	465	26,390	17,639
Food	166,796	634	167,430	186,966
Vehicle expenses	29,584	-	29,584	48,735
Insurance	57,886	1,647	59,533	54,781
Travel	29,271	3,767	33,038	19,619
Printing	1,816	575	2,391	2,557
Dues and subscriptions	9,432	287	9,719	10,489
Depreciation	63,547	-	63,547	49,146
Miscellaneous	48,391	19,501	67,892	62,775
	<u>\$ 5,909,646</u>	<u>694,515</u>	<u>6,604,161</u>	<u>6,482,730</u>
Total expenses	<u>\$ 5,909,646</u>	<u>694,515</u>	<u>6,604,161</u>	<u>6,482,730</u>

See accompanying notes to financial statements.

FULMONT COMMUNITY ACTION AGENCY, INC.
Statement of Functional Expenses
Year ended September 30, 2022

	Program <u>services</u>	Management and <u>general</u>	<u>Total</u>
Personnel costs	\$ 2,977,906	459,507	3,437,413
Payroll taxes and fringe benefits	916,205	90,732	1,006,937
Contributed nonfinancial assets	563,067	-	563,067
Sub-contract labor	112,802	-	112,802
Materials	214,306	-	214,306
Repairs and maintenance	55,050	6	55,056
Utilities	20,492	-	20,492
Program expenses	77,387	1,485	78,872
Professional fees	64,232	4,880	69,112
Contractual	144,310	2,476	146,786
Occupancy	52,354	969	53,323
Training	30,986	434	31,420
Postage	4,508	4,945	9,453
Supplies	177,684	16,859	194,543
Telephone	32,745	3,696	36,441
Advertising	17,625	14	17,639
Food	186,966	-	186,966
Vehicle expenses	48,735	-	48,735
Insurance	53,604	1,177	54,781
Travel	16,610	3,009	19,619
Printing	2,368	189	2,557
Dues and subscriptions	10,222	267	10,489
Depreciation	49,146	-	49,146
Miscellaneous	42,599	20,176	62,775
	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 5,871,909</u>	<u>610,821</u>	<u>6,482,730</u>

See accompanying notes to financial statements.

FULMONT COMMUNITY ACTION AGENCY, INC.
 Statements of Cash Flows
 Years ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets without donor restrictions	\$ (290,191)	203,748
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:		
Depreciation	63,547	49,146
Changes in:		
Receivables	422,080	(370,436)
Prepaid expenses	5,135	36,705
Accounts payable	17,721	15,758
Accrued expenses	59,733	82,827
Deferred revenue	<u>(187,384)</u>	<u>165,626</u>
Net cash provided by operating activities	<u>90,641</u>	<u>183,374</u>
Cash flows from investing activities:		
Change in investments	(410)	(347)
Purchases of leasehold improvements and equipment	<u>-</u>	<u>(297,916)</u>
Net cash used in investing activities	<u>(410)</u>	<u>(298,263)</u>
Cash flows from financing activities - payments on line of credit	<u>(125,000)</u>	<u>125,000</u>
Change in cash and equivalents	(34,769)	10,111
Cash and equivalents at beginning of year	<u>505,381</u>	<u>495,270</u>
Cash and equivalents at end of year	<u>\$ 470,612</u>	<u>505,381</u>
Supplemental disclosure of cash flow information:		
Cash paid for amounts included in measurement of lease liabilities - operating lease principal payments	<u>\$ 22,204</u>	<u>-</u>
Lease assets obtained in exchange for lease liabilities - operating leases	<u>\$ 63,735</u>	<u>-</u>

See accompanying notes to financial statements.

FULMONT COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements

September 30, 2023 and 2022

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

Fulmont Community Action Agency, Inc. (the Agency) is a non-profit corporation serving Fulton, Montgomery and surrounding counties. Its primary purpose is to operate and administer programs to combat poverty and promote self-sufficiency among its target population. The Agency operates the following programs among others: Head Start, Nutrition, Energy Conservation, Children Services and Federal Emergency Management Agency.

(b) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(c) Basis of Presentation

The Agency reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions represents resources available for the general support of the Agency's activities. The Agency had only net assets without donor restrictions in 2023 and 2022.

(d) Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(e) Cash and Equivalents

For purposes of the statements of cash flows, the Agency considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(f) Concentration of Credit Risk

For the purposes of the statements of financial position and statements of cash flows, cash and cash equivalents include deposits and certificates of deposit with original maturities of three months or less. The Agency maintains cash and cash equivalents at financial institutions, which periodically may exceed federally insured limits. At September 30, 2023, the Agency had \$34,053 in excess of the federally insured limits. At September 30, 2022, the Agency had no amounts in excess of the federally insured limits.

The Agency provides social services primarily in the counties of Fulton, Montgomery and surrounding counties in the State of New York. A substantial portion of the Agency's receivables are due from Federal and New York State governmental agencies.

FULMONT COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. Changes in the valuation allowance have not been material to the financial statements.

(h) Investments

Certificates of deposit held for investment that are not debt securities are included in investments.

(i) Capitalization and Depreciation

Leasehold improvements and equipment are recorded at cost or fair value at the date of the gift in the case of donated leasehold improvements and equipment. Depreciation and amortization are provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable leasehold improvements and equipment, the appropriate accounts are reduced by the related costs and accumulated depreciation and amortization. The resulting gains and losses are reflected in the statements of activities.

Donations of leasehold improvements and equipment are reflected in the accompanying statements at their estimated fair value at the date of receipt. The Agency's policy is to imply a time restriction on donated leasehold improvements and equipment. Donated leasehold improvements and equipment are recorded as support with donor restrictions and the restriction expires over the useful life of the property. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

(j) Long-Lived Assets

The Agency reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. In determining whether there is an impairment of long-lived assets, the Agency compares the sum of the expected future net cash flows (undiscounted and without interest charges) to the carrying amount of the assets. At September 30, 2023 and 2022, no impairment in value has been recognized.

FULMONT COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(k) Contributions

Grants from governmental agencies are accounted for as conditional contributions and are recorded as revenue when expenditures have been incurred in compliance with the grant agreement's restrictions. Amounts unspent are recorded in the statements of financial position as deferred revenue.

Contributions received are recorded as revenue without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as without donor restrictions.

All donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets without donor restrictions.

(l) Contracts with Customers

Under Accounting Standards Update (ASU) No. 2014-09 (Topic 606) - Revenue from Contracts with Customers, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Agency expects to be entitled in exchange for these goods or services. The Agency utilizes a five-step framework as identified in ASU No. 2014-09. The primary sources of revenue from contracts with customers for the Agency are as follows:

Universal Pre-K revenue consists of a single performance obligation, and revenue is recognized over the period of time using the straight line method on a monthly basis based on the number of attendees.

Universal Pre-K is generally nonrefundable, billed monthly to the appropriate school district, and payment is typically due within 30 days of the invoice date.

Fee for service revenue consists of a single performance obligation, and revenue is recognized when the service is complete.

Fee for service revenue is generally nonrefundable and billed once the service has been completed.

Factors that could impact the nature, amount, timing and uncertainty of revenue or cash flow of the Agency include, enrollment and staffing. Revenue from contracts with customers received in advance are deferred and recognized once earned.

Billings, cash collections and timing of revenue recognition can result in contract assets and liabilities on the statements of financial position. The Agency can receive payments from customers before revenue is recognized, resulting in deferred revenue. These amounts are liquidated when revenue is recognized.

FULMONT COMMUNITY ACTION AGENCY, INC.
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(l) Contracts with Customers, Continued

Receivables and deferred revenue from contracts with customers were as follows at September 30:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Receivables	\$ <u>129,813</u>	<u>86,139</u>	<u>93,693</u>
Deferred revenue	\$ <u>20,515</u>	<u> -</u>	<u> -</u>

The timing of revenue recognized from contracts with customers was as follows during 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Revenue recognized at a point in time	\$ 327,031	250,317
Revenue recognized over a period of time	<u>567,795</u>	<u>879,841</u>
Total	\$ <u>894,826</u>	<u>1,130,158</u>

(m) Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and related benefits are allocated based on level of effort, building and related costs are allocated based on square footage and remaining expenses are directly allocated to either program or support.

(n) Advertising

The costs of advertising are charged to expense as incurred; total related expenses for the years ended September 30, 2023 and 2022 amounted to \$26,390 and \$17,639, respectively.

(o) Subsequent Events

The Agency has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(p) Income Taxes

The Agency is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), therefore, no provision for income taxes is reflected in the financial statements. The Agency has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Agency presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Agency has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the Agency are subject to examination by taxing authorities.

FULMONT COMMUNITY ACTION AGENCY, INC.
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(q) Reclassification

Reclassifications have been made to certain 2022 balances to conform them to the 2023 presentation.

(2) Liquidity

The Agency has \$916,560 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of \$470,612 of cash and equivalents and \$445,948 of receivables. None of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the 2023 statement of financial position. As discussed in note 8, the Agency has a line of credit in the amount of \$200,000 in the event of an unanticipated liquidity need.

(3) Investments

Included in investments are certificates of deposit at September 30, 2023 and 2022 summarized as follows:

	<u>2023</u>	<u>2022</u>
Certificate of deposit maturing March 8, 2026, bearing interest at 0.499%	\$ 69,924	69,576
Certificate of deposit maturing April 13, 2023, bearing interest at 0.20%	-	5,064
Certificate of deposit maturing February 13, 2024, bearing interest at 4.25%	<u>5,126</u>	<u>-</u>
Total investments	\$ <u>75,050</u>	<u>74,640</u>

(4) Leasehold Improvements and Equipment

Leasehold improvements and equipment at September 30, 2023 and 2022 are summarized as follows:

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 460,855	460,855
Playground equipment	114,716	114,716
Vehicles	437,411	437,411
Furniture and equipment	238,819	238,819
Computers and software	<u>60,319</u>	<u>60,319</u>
	1,312,120	1,312,120
Less accumulated depreciation	<u>(996,173)</u>	<u>(932,626)</u>
Net leasehold improvements and equipment	\$ <u>315,947</u>	<u>379,494</u>

FULMONT COMMUNITY ACTION AGENCY, INC.
Notes to Financial Statements, Continued

(4) Leasehold Improvements and Equipment, Continued

Depreciation expense totaled \$63,547 and \$49,146 for the years ended September 30, 2023 and 2022, respectively.

(5) Vested Vacation Wages

Included in accrued expenses is the Agency's liability for future payments of accrued vested vacation wages which amounted to \$125,341 and \$120,668 at September 30, 2023 and 2022, respectively. Under the terms of the existing personnel manual, the Agency's employees receive annual vacation leave. The number of days allowed is dependent on the employees' years of service. Vested vacation wages represents the leave paid to employees upon termination.

(6) Postemployment Benefit Payable

Included in accrued expenses is an accrued postemployment benefit payable to a key employee upon termination. This liability is funded through dedicated, non-grant savings. The postemployment benefit totaled \$181,982 and \$166,073 at September 30, 2023 and 2022, respectively.

(7) Deferred Revenue

Deferred revenue amounted to \$20,515 and \$207,899 at September 30, 2023 and 2022, respectively. This amount represents cash provided to the Agency in advance of the period to be benefited in order to provide working capital for the operation of the various programs of the Agency.

(8) Line of Credit

The Agency has an unsecured line of credit agreement with its bank in the amount of \$200,000. Any borrowings under the agreement are subject to a variable interest rate of 1% over the highest Wall Street Journal prime base lending rate (9.50% at September 30, 2023). At September 30, 2023, the line of credit had no outstanding balance. At September 30, 2022, the balance on the line of credit was \$125,000, respectively.

FULMONT COMMUNITY ACTION AGENCY, INC.
Notes to Financial Statements, Continued

(9) Right-of-Use - Lease Liabilities

The Agency leases its office space under several operating leases and has elected the practical expedient not to separate lease and nonlease components for all lease transactions. The Agency elected to recognize these lease expenses on the straight-line basis or when incurred. The office leases provide for monthly payments through June 30, 2025 and June 30, 2026. The lease inception or period of adoption, unless explicitly stated, is in accordance with the Agency's accounting policies. The discount rate for the operating leases is 4.06% for the year ended September 30, 2023. Additional information about the Agency's leases is as follows:

Operating leases - rent expense:	
Program services	\$ 40,039
Supporting services	<u>1,173</u>
Total lease expense	\$ <u>41,212</u>
Weighted average - remaining lease term:	
Gloversville office space	21 months
Fort Plain office space	33 months
Discount rate	4.06%
Lease liabilities - operating leases:	
Current installments	\$ 18,109
Noncurrent installments	<u>23,422</u>
Total lease liabilities	\$ <u>41,531</u>

The maturity of the lease payments under ASC 842 for the years following September 30, 2023 are as follows:

	<u>Operating</u>
2024	\$ 20,196
2025	17,196
2026	<u>6,147</u>
	43,539
Less: unamortized discount	<u>(2,008)</u>
Total lease liability	\$ <u>41,531</u>

The aggregate maturity of the lease payments under ASC 840 for the years following September 30, 2022 are as follows:

	<u>Operating</u>
2023	\$ 19,662
2024	12,000
2025	<u>9,000</u>
Total	\$ <u>40,662</u>

FULMONT COMMUNITY ACTION AGENCY, INC.
Notes to Financial Statements, Continued

(10) Contingency

Under the terms of various grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such questioned costs could lead to reimbursement to the grantor agencies. Management believes that it would be able to provide support acceptable to the grantor and that any disallowances would not be material.

(11) Contributed Nonfinancial Assets

For the years ended September 30, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities included contributed office space in the amount of \$579,236 and \$563,067, respectively.

The Agency periodically receives donations without donor restrictions of various goods and services from outside parties. The donations include, but are not limited to, rent, equipment, clothing, services, and food. All donations are without donor restrictions and used to support and further the Agency's objectives. The donations are reflected in the accompanying statements at their estimated fair value at the date of receipt. In addition, many skilled and unskilled individuals have contributed significant amounts of time to the activities of the Agency without compensation. Contributed services are recognized as in-kind support and expense by the Agency when certain provisions are met.

(12) Change in Accounting Principle

In 2023, the Agency adopted 842 Leases. ASC 842 establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and lease liability on the statements of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. The Agency elected to apply this standard on a modified retrospective transition approach for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Entities have the option to continue to apply historical accounting under Topic 840, including its disclosure requirements, in comparative periods presented in the year of adoption.

FULMONT COMMUNITY ACTION AGENCY, INC.
Schedule of Expenditures of Federal Awards
Year ended September 30, 2023

<u>Program Title</u>	<u>Assistance Listing Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. Department of Agriculture - passed-through New York State Department of Health:				
Special Supplemental Nutrition Program for Women, Infants and Children (2)	10.557	C30406GG	\$ 1,793,190	-
Child and Adult Care Food Program	10.558	N/A	<u>177,856</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>1,971,046</u>	<u>-</u>
U.S. Department of Energy - passed-through New York State Division of Housing and Community Renewal:				
Weatherization Assistance for Low-Income Persons	81.042	C095310-22	170,869	-
Weatherization Assistance for Low-Income Persons	81.042	C095310-23	59,688	-
Weatherization Assistance for Low-Income Persons	81.042	C096310-23	<u>114,061</u>	<u>-</u>
Total U.S. Department of Energy			<u>344,618</u>	<u>-</u>
U.S. Department of Health and Human Services:				
Head Start Cluster:				
Head Start (1)	93.600	02CH01085504	1,635,461	-
Head Start (1)	93.600	02CH01085505	1,268,169	-
Head Start (1)	93.600	02HE00021001C6	<u>108,490</u>	<u>-</u>
Total Head Start Cluster			<u>3,012,120</u>	<u>-</u>
Passed-through New York State Department of State - 477 Cluster - Community Services Block Grant	93.569	C1001465	<u>490,548</u>	<u>-</u>
Passed through New York State Office of Children and Family Services - CCDF Cluster - COVID-19 - Child Care and Development Block Grant	93.575	N/A	<u>244,300</u>	<u>-</u>
Passed-through New York State Division of Housing and Community Renewal:				
Low-Income Home Energy Assistance	93.568	C095310-22	331,686	-
Low-Income Home Energy Assistance	93.568	C094431-22	<u>49,700</u>	<u>-</u>
Total Low-Income Home Energy Assistance			<u>381,386</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>4,128,354</u>	<u>-</u>
U.S. Department of Homeland Security - Emergency Food and Shelter National Board Program (1)	97.024	N/A	<u>23,089</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$ 6,467,107</u>	<u>-</u>

(1) Direct Federal Award

(2) Includes Federal non-cash items, primarily nutrition vouchers totaling \$1,369,182

FULMONT COMMUNITY ACTION AGENCY, INC.
Notes to Schedule of Expenditures of Federal Awards
September 30, 2023

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs administered by Fulmont Community Action Agency, Inc. (the Agency). Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the schedule of expenditures of federal awards.

(2) Basis of Accounting

The information is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

(3) Indirect Costs

The Agency has not elected to use the 10% de minimis indirect cost rate as allowed under the 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
Fulmont Community Action Agency, Inc.:

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 Fulmont Community Action Agency, Inc. (the Agency) (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated February 5, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

EFPR Group, CPAs, PLLC

Williamsville, New York
February 5, 2024

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

The Board of Directors
Fulmont Community Action Agency, Inc.:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Fulmont Community Action Agency, Inc.'s (the Agency) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the Agency's major federal programs for the year ended September 30, 2023. The Agency's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Fulmont Community Action Agency, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal programs. Our audit does not provide a legal determination of the Agency's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Agency's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Agency's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate it would influence the judgment made by a reasonable user of the report on compliance about the Agency's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with the generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Agency's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Agency's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
February 5, 2024

FULMONT COMMUNITY ACTION AGENCY, INC.

Schedule of Findings and Questioned Costs

Year ended September 30, 2023

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- | | | | | |
|--|-------|-----|-----|---------------|
| 1. Material weakness(es) identified? | _____ | Yes | _x_ | No |
| 2. Significant deficiency(ies) identified? | _____ | Yes | _x_ | None reported |
| 3. Noncompliance material to financial statements noted? | _____ | Yes | _x_ | No |

Federal Awards:

Internal control over major programs:

- | | | | | |
|--|-------|-----|-----|---------------|
| 4. Material weakness(es) identified? | _____ | Yes | _x_ | No |
| 5. Significant deficiency(ies) identified? | _____ | Yes | _x_ | None reported |

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

- | | | | | |
|--|-------|-----|-----|----|
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) (Uniform Guidance)? | _____ | Yes | _x_ | No |
|--|-------|-----|-----|----|

7. The Agency's major programs audited were:

<u>Name of Federal Programs</u>	<u>Assistance Listing Number</u>
Community Services Block Grant	93.569
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557

- | | | | | |
|---|-----|-----|-----------|----|
| 8. Dollar threshold used to distinguish between Type A and Type B programs. | | | \$750,000 | |
| 9. Auditee qualified as low-risk auditee? | _x_ | Yes | _____ | No |

Part II - FINANCIAL STATEMENT FINDINGS SECTION

No reportable findings.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No reportable findings or questioned costs.

FULMONT COMMUNITY ACTION AGENCY, INC.
Schedule of Prior Year Audit Findings
September 30, 2023

There were no audit findings with regard to the prior year financial statements (September 30, 2022).