

**Allegany County Human Resources
Development Commission, Inc.**

Financial Statements and Audit Report

September 30, 2019

TURNBULL, HOOVER, & KAHL, P.A.
Certified Public Accountants

Allegany County Human Resources
Development Commission, Inc.
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Board of Directors
Allegany County Human Resources
Development Commission, Inc.

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of Allegany County Human Resources Development Commission, Inc. (the "Commission") (a nonprofit organization), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Allegany County Human Resources Development Commission, Inc. as of September 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Change in Accounting Standards

As described in Note 1 to the financial statements, in 2018, the Commission adopted new accounting guidance, FASB Accounting Standards Update No. 2016-04, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Our opinion is not modified with respect to this matter.

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, 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.

Report on Summarized Comparative Information

We have previously audited the Allegany County Human Resources Development Commission, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 8, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2020, on our consideration of Allegany County Human Resources Development Commission, Inc.'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 the 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 the Commission's internal control over financial reporting and compliance.

Tumbull, Hoover & Katz PA

Cumberland, Maryland
March 6, 2020

ALLEGANY COUNTY
HUMAN RESOURCES DEVELOPMENT COMMISSION, INC.
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2019 WITH SUMMARIZED
FINANCIAL INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Current Assets		
Cash and Cash Equivalents	\$ 2,849,218	\$ 2,980,982
Investments	741,580	488,635
Accounts Receivable-Unconditional Promise-Building Leases, Current Portion	249,994	254,827
Accounts Receivable	55,557	28,602
Grants Receivable, Net	1,025,938	1,194,678
Prepaid Expenses	198,887	151,539
Total Current Assets	<u>5,121,174</u>	<u>5,099,263</u>
Property and Equipment		
Construction in progress	9,310	13,383
Property and Equipment	11,835,696	11,785,458
Less: Accumulated Depreciation	(5,669,884)	(5,185,841)
Net Property and Equipment	<u>6,175,122</u>	<u>6,613,000</u>
Other Assets		
Account Receivable-Unconditional Promises, Net	194,100	341,250
TOTAL ASSETS	<u>\$ 11,490,396</u>	<u>\$ 12,053,513</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts Payable	\$ 408,736	\$ 436,476
Accrued Payroll	121,085	111,079
Accrued Leave/Benefits Payable	313,205	280,929
Deferred Revenue	984,233	728,895
Current Portion of Long-Term Liabilities	66,092	57,993
Other Liabilities Payable	78,949	51,923
Total Current Liabilities	<u>1,972,300</u>	<u>1,667,295</u>
Long-term Liabilities		
Due to Governments, Net	599,258	665,604
Total Long-term Liabilities	<u>599,258</u>	<u>665,604</u>
Total Liabilities	<u>2,571,558</u>	<u>2,332,899</u>
Net Assets		
Net Assets Without Donor Restrictions		
Operating	7,756,055	8,459,371
Board Designated	1,139,925	1,259,632
Total Net Assets Without Donor Restrictions	<u>8,895,980</u>	<u>9,719,003</u>
Net Assets With Donor Restrictions	22,858	1,611
Total Net Assets	<u>8,918,838</u>	<u>9,720,614</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,490,396</u>	<u>\$ 12,053,513</u>

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

ALLEGANY COUNTY
HUMAN RESOURCES DEVELOPMENT COMMISSION, INC.
STATEMENT OF ACTIVITIES and CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2019 WITH SUMMARIZED
FINANCIAL INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2018

<u>Support and Revenue</u>	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>2019 Total</u>	<u>2018 Total</u>
Support				
Federal Revenue	\$ 10,393,561	\$ -	\$ 10,393,561	\$ 9,928,027
State Revenue	1,253,839		1,253,839	1,771,701
Local Government Revenue	744,946		744,946	744,946
Private Source Revenue	298,283		298,283	261,338
Donations	140,819	30,497	171,316	235,365
In-Kind Contributions	344,154		344,154	116,310
Total Support	<u>13,175,602</u>	<u>30,497</u>	<u>13,206,099</u>	<u>13,057,687</u>
Revenue				
Client Fees	14,325		14,325	14,564
State Fee for Service	8,490		8,490	39,849
Interest Income	4,223		4,223	6,266
Investment Income, net	44,842		44,842	10,058
Rental Income	49,999		49,999	63,605
Other Revenue	35,071		35,071	40,638
Gain/(Loss) on Disposal	-		-	(44,607)
Total Revenue	<u>156,950</u>	<u>-</u>	<u>156,950</u>	<u>130,373</u>
Net assets released from restrictions satisfied by payments	<u>9,250</u>	<u>(9,250)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>13,341,802</u>	<u>21,247</u>	<u>13,363,049</u>	<u>13,188,060</u>
Expenses				
Program Services				
Community Welfare	416,234		416,234	462,238
Energy Services	2,159,457		2,159,457	1,790,746
Health & Nutrition	7,399,101		7,399,101	7,366,768
Housing Development	3,553,988		3,553,988	3,480,892
Total Program Services	<u>13,528,780</u>	<u>-</u>	<u>13,528,780</u>	<u>13,100,644</u>
Supporting Services				
Management & General	636,045		636,045	654,406
Total Supporting Services	<u>636,045</u>		<u>636,045</u>	<u>654,406</u>
Total Expenses	<u>14,164,825</u>	<u>-</u>	<u>14,164,825</u>	<u>13,755,050</u>
Changes in Net Assets	<u>(823,023)</u>	<u>21,247</u>	<u>(801,776)</u>	<u>(566,990)</u>
Net Assets, Beginning of Year	9,719,003	1,611	9,720,614	10,287,604
Net Assets, End of Year	<u>\$ 8,895,980</u>	<u>\$ 22,858</u>	<u>\$ 8,918,838</u>	<u>\$ 9,720,614</u>

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

ALLEGANY COUNTY HUMAN RESOURCES DEVELOPMENT COMMISSION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019 WITH SUMMARIZED
FINANCIAL INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Program Services</u>				<u>Support Services</u>	<u>Total Expenses</u>	
	<u>Community</u>	<u>Energy</u>	<u>Health and</u>	<u>Housing</u>	<u>Management</u>	<u>2019</u>	<u>2018</u>
	<u>Welfare</u>	<u>Services</u>	<u>Nutrition</u>	<u>Development</u>	<u>and General</u>		
Salaries and Wages	\$ 112,711	\$ 227,639	\$ 2,808,317	\$ 142,309	\$ 449,111	\$ 3,740,087	\$ 3,845,787
Payroll Taxes	16,071	32,961	395,170	16,982	57,174	518,358	445,484
Employee Benefits	28,376	74,770	741,266	56,100	120,514	1,021,026	1,074,827
Travel	3,532	972	70,811	1,843	13,120	90,278	85,279
Vehicle Costs	-	43	268,065	2,358	2,009	272,475	301,850
Insurances	1,509	2,311	34,507	17,268	7,567	63,162	62,199
Training	4,858	-	30,699	125	6,225	41,907	88,816
Dues & Subscriptions	287	-	3,312	-	12,374	15,973	18,978
Program Expenses	178,334	1,704,657	1,302,319	3,158,741	114,491	6,458,542	6,089,309
Taxes	448	-	456	4,571	3,138	8,613	6,482
Office Supplies	6,286	6,340	40,235	2,770	14,250	69,881	57,782
Board Expenses	-	-	-	-	576	576	444
Advertising	764	10,289	51,689	291	8,791	71,824	62,219
Printing	552	3,468	2,305	-	2,093	8,418	5,011
Postage	35	13,253	852	357	5,560	20,057	15,929
Communications	2,997	3,382	46,095	2,349	20,057	74,880	66,822
Occupancy Costs	11,692	5,419	129,506	16,979	21,785	185,381	181,877
Repairs and Maintenance	10,308	5,611	189,393	91,425	133,512	430,249	467,980
Legal & Professional	-	-	375	-	33,412	33,787	35,335
Contractual Services	4	-	14,664	5,952	9,185	29,805	37,344
Bad Debt	-	-	20,453	476	3,461	24,390	14,961
Depreciation	6,472	11,022	283,135	4,183	184,130	488,942	474,802
In-Kind	6,890	-	486,568	1,070	1,686	496,214	315,533
Administration Allocations	24,108	57,320	478,909	27,839	(588,176)	-	-
TOTAL EXPENSES	\$ 416,234	\$ 2,159,457	\$ 7,399,101	\$ 3,553,988	\$ 636,045	\$ 14,164,825	\$ 13,755,050

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

ALLEGANY COUNTY HUMAN RESOURCE DEVELOPMENT COMMISSION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019 WITH SUMMARIZED
FINANCIAL INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2018

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>2019</u>	<u>2018</u>
Change in Net Assets	\$ (801,776)	\$ (566,990)
Adjustments to reconcile increase in net assets		
Depreciation	488,942	474,802
Bad Debts	24,390	14,961
(Gain)/loss on Disposal of Fixed Asset	-	44,607
Gain on Sale of Investments	(271)	-
Unrealized Gain on Investments	(20,227)	(13,767)
(Increase) Decrease in A/R-Unconditional Promise	151,983	199,223
(Increase) Decrease in Accounts Receivable	(51,345)	17,162
(Increase) Decrease in Grants Receivable	168,740	(207,496)
(Increase) Decrease in Prepaid Expenses	(47,348)	11,936
Increase (Decrease) in Accounts Payable	(30,899)	(94,612)
Increase (Decrease) in Accrued Payroll	10,006	(45,181)
Increase (Decrease) in Accrued Leave	32,276	(3,676)
Increase (Decrease) in Deferred Revenue	255,338	356,230
Increase (Decrease) in Other Liabilities Payable	27,026	21,987
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	206,835	209,186
	<hr/>	<hr/>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Gross Proceeds from Disposal of Fixed Assets	-	18,307
Purchase of Property and Equipment	(51,063)	(356,515)
Proceeds from Sale of Investments	21,956	81,072
Purchase of Investments	(254,404)	(77,363)
	<hr/>	<hr/>
Net Cash (Used in) Investing Activities	(283,511)	(334,499)
	<hr/>	<hr/>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Payments on Line of Credit	-	(38,338)
Payments on Due to Governments	(55,088)	(58,579)
	<hr/>	<hr/>
Net Cash (Used in) Financing Activities	(55,088)	(96,917)
	<hr/>	<hr/>
Net Change in Cash	(131,764)	(222,230)
Cash and Cash Equivalents, Beginning of Fiscal Year	2,980,982	3,203,212
	<hr/>	<hr/>
Cash and Cash Equivalents, End of Fiscal Year	\$ 2,849,218	\$ 2,980,982
	<hr/>	<hr/>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	\$ 21,038	\$ 17,763
	<hr/>	<hr/>

The accompanying notes are an integral part of these financial statements

Allegany County Human Resources Development Commission, Inc.
Notes to Financial Statements
September 30, 2019

Note 1: Summary of Significant Accounting Principles

Organization

Allegany County Human Resources Development Commission, Inc. (Commission), a nonprofit Community Action Agency in Allegany County, Maryland, strives to eliminate social and economic barriers to promote individual and community stability through services, advocacy, and collaboration.

Financial Statement Presentation

The Commission is required to classify net assets, revenues, and gains and losses, based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Commission and changes therein are reported into two categories: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions - This class represents those net assets whose use is not restricted by the donor. These net assets generally result from providing services and receiving contributions and performing administrative functions. These net assets also include board designated net assets. The Commission's Board of Directors has set aside amounts received from various donors as designated net assets and has implemented an investment policy. These amounts are not subjected to donor restrictions.

Net assets with donor restrictions - This class represents those net assets whose use is restricted by the donor for specific stipulations imposed by the donor. These net assets generally result from contributions and other inflows of assets, the use of which is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Commission pursuant to those stipulations. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Generally, the donors of these assets permit the Commission to use the income earned on related investments for general or specific purposes.

When a donor restriction expires as a result of a stipulated time restriction ending or purpose restriction being accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities and changes in net assets as net assets released from restrictions.

Basis of Accounting

The Commission prepares its financial statements on the accrual basis of accounting, in accordance with generally accepted accounting principles (GAAP). Therefore, revenues are recognized when earned rather than when received, and expenses are recognized when the obligation is incurred rather than when cash is disbursed.

Support is recognized when contributions are received. All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to other legal restrictions.

Revenues are recorded when earned rather than when received for the fiscal year. Therefore, related accounts receivables represent revenues earned but not yet received. Related deferred revenue represents grant funds received but not yet earned as of September 30, 2019.

Allegheny County Human Resources Development Commission, Inc.
Notes to Financial Statements
September 30, 2019

Note 1: Summary of Significant Accounting Principles - Continued

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Commission considers all highly liquid assets (including restricted assets, if any) with maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable and Bad Debts Expense

The Commission reports accounts receivable net of an allowance for doubtful accounts. Under the allowance method of handling bad debts, an estimate of the total uncollectible accounts is calculated and periodically evaluated. Receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. The Commission recorded bad debt expense of \$24,390 and \$14,961 for the years ended September 30, 2019 and 2018, respectively.

Property and Equipment

The Commission follows the practice of capitalizing all expenditures for equipment and improvements in excess of \$1,000. Purchased assets are recorded at cost. Donated assets are recorded at their current or appraised value at the date they are donated. Maintenance and repairs are charged to expenses as incurred.

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets that range from three to ten years for autos and equipment, and 30 years for buildings with no salvage value assigned. Leasehold improvements are amortized over the remaining life of the lease.

When fixed assets are retired or otherwise disposed of, the cost is removed from the asset account and the related depreciation is adjusted with the difference being charged to income as either a gain or loss.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the reporting period. Actual results could differ from those estimates.

Contributions

The Commission reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, with donor restricted net assets are reclassified to without donor restricted net assets and reported in the statement of activities as net assets released from restrictions.

Allegany County Human Resources Development Commission, Inc.
Notes to Financial Statements
September 30, 2019

Note 1: Summary of Significant Accounting Principles - Continued

Unconditional Promises to Give

Unconditional promises to give are recorded as receivables and revenue when received. The Commission distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Pledges are recorded after being discounted to the anticipated net present value of the future cash flows.

Functional Expenses

The Commission allocates its expenses on a functional basis among the various programs. Expenses that can be identified with a specific program are allocated directly according to their natural expenditure classification. Other expenses that are common to many programs are allocated in accordance with the Commission's approved indirect cost allocation plan.

Advertising

Advertising costs are expensed as incurred and included in expenses via allocation to programs and supporting services.

Income Tax Status

The Commission is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and did not conduct unrelated business activities. Therefore, the Board has not made any provisions for federal income taxes in the accompanying financial statements. Additionally, the Commission has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of section 509(a) of the Internal Revenue Code.

The Commission follows the provisions of FASB ASC 740-10-25 (formerly FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes ["FIN 48"]). Under FIN 48, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not the position will be sustained. The implementation of FIN 48 had no impact on the Commission's financial statements. The Commission does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax liabilities. For the years ended September 30, 2019 and 2018, there were no interest or penalties recorded or included in its consolidated financial statements.

Management has reviewed the Commission's tax positions for all open tax years (tax years after September 30, 2016) and has determined that no provision for income taxes is required in the Commission's financial statements, in accordance with financial and accounting disclosure requirements for recognition and measurement of tax positions taken or expected to be taken on a U.S. income tax return.

Allegany County Human Resources Development Commission, Inc.
Notes to Financial Statements
September 30, 2019

Note 1: Summary of Significant Accounting Principles – Continue

Description of Programs

The Commission's principal programs are as follows:

Community Welfare - provides services such as, shelter and food for the poverty level residents of Allegany County. Programs include Homeless Services, Earned Income Tax Credit Program, Work Experience and Family Asset Development Program

Energy Services - provides supplemental payments for energy costs for low-income families. Programs include Office of Home Energy Program and Weatherization.

Health & Nutrition - provides day care for mentally and physically handicapped adults and pre-school educational experiences for children of low-income families. Also, provides nutritious meals and transportation for low-income families and elderly residents. The programs include Head Start, Early Head Start, Adult Day Care, Older Americans Act, and Child Care and Family Programs.

Housing Development - provides housing for low-income families and the elderly. The program includes Group Senior Assisted Housing and Section 8 programs.

Mgmt & General - administers the entire commission program and various other duties. The special projects enhance client services through community supported activities. The program includes County, Corporate, Community Services Block Grant and Special Projects.

Nature of Prior Period Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Commission's financial statements for the year ended September 30, 2018, from which summarized information was derived.

Comparative Data and Reclassifications

Comparative data for the prior year have been presented in certain sections of the accompanying financial statement in order to provide an understanding of changes in the Commission's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Adoption of New Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring

Allegheny County Human Resources Development Commission, Inc.
Notes to Financial Statements
September 30, 2019

Note 1: Summary of Significant Accounting Principles - Continued

Adoption of New Accounting Pronouncement- Continued

the presentation of only two classes of net assets now titled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The Commission has adopted the ASU and has adjusted the presentation of these financial statements accordingly. The ASU has been applied retrospectively to all periods presented. There was no effect on the changes in net assets reported at June 30, 2018.

Changes in net assets as a result of adopting ASU 2016-14 are as follows:

	<u>2019</u>		<u>2018</u>	
	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>
As previously presented:				
Unrestricted	\$ 8,895,980	\$ -	\$ 9,719,003	\$ -
Temporarily Restricted	-	22,858	-	1,611
Total	<u>\$ 8,895,980</u>	<u>\$ 22,858</u>	<u>\$ 9,719,003</u>	<u>\$ 1,611</u>

Note 2: Deposits with Financial Institutions

At September 30, 2019 and 2018, the carrying amount of deposits was \$2,849,218 and \$2,980,982, respectively. The bank balance was \$2,977,784 and \$3,173,469 at September 2019 and 2018, respectively.

The Commission maintains a separate checking account as required under the Office of Home Energy Programs (OHEP). The checking account had a balance of \$655,463 and \$64,907 at September 30, 2019 and 2018, respectively.

The Commission’s bank balance was either covered by Federal Deposit Insurance Corporation or was covered by collateral.

Note 3: Accounts Receivable

Accounts receivable at September 30, 2019 and 2018 is comprised of the following:

	<u>2019</u>	<u>2018</u>
Private source receivable	\$ 46,177	\$ 18,690
Due from employee	374	310
Due from program/source	9,006	9,602
	<u>\$ 55,557</u>	<u>\$ 28,602</u>

Allegany County Human Resources Development Commission, Inc.
Notes to Financial Statements
September 30, 2019

Note 3: Accounts Receivable – Continued

Grants receivable at September 30, 2019 and 2018 is comprised of the following:

	<u>2019</u>	<u>2018</u>
Federal receivable	\$ 677,735	\$ 768,082
State receivable	366,839	439,199
Grant receivable, gross	1,044,574	1,207,281
Less allowance for doubtful accounts	(18,636)	(12,603)
Grant receivable, net	\$ 1,025,938	\$ 1,194,678

Note 4: Unconditional Promises to Give In-Kind

Unconditional promises to give at September 30, 2019 and 2018, consists of the following:

	<u>2019</u>	<u>2018</u>
Building Leases (see Note 8 & 13)	\$ 444,094	\$ 596,077
Total	\$ 444,094	\$ 596,077
Amounts due in:		
Less than one year	\$ 249,994	\$ 254,827
One to five years	194,100	341,250
	\$ 444,094	\$ 596,077

Unconditional promises to give due in more than one year are recognized at fair value, when the donor makes an unconditional promise to give to the Commission.

Note 5: Investments

Investments in equity securities with readily determinable fair values are carried at fair value based on quoted prices in active markets (all level 1 measurements). Investments at September 30, 2019 and 2018, were comprised of mutual funds with a fair value of \$741,580 and \$488,635, respectively.

The following schedule summarizes the investment return in the statement of activities:

	<u>2019</u>	<u>2018</u>
Interest and dividend income	\$ 32,035	\$ 16,957
Net unrealized gains (losses)	20,226	(3,190)
Net realized gains (losses)	271	2,150
Investment fees	(7,690)	(5,859)
Net investment income	\$ 44,842	\$ 10,058

Allegany County Human Resources Development Commission, Inc.
Notes to Financial Statements
September 30, 2019

Note 6: Fair Value Investments

Fair values of assets measured on a recurring basis using quoted prices in active markets for identical assets (level 1) at September 30, 2019 and 2018, are as follows:

	<u>2019</u>	<u>2018</u>
Money Market Funds	\$ 6,974	\$ 9,257
Mutual Funds	734,606	479,378
Total	<u>\$ 741,580</u>	<u>\$ 488,635</u>

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

- Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 inputs to the valuation methodology include the following:
 - Quoted prices for similar assets or liabilities in active markets
 - Quoted prices for identical or similar assets or liabilities in inactive markets
 - Inputs other than quoted prices that are observable for the asset or liability
 - Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability

- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following provides a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2019 and 2018.

Money markets and mutual funds are valued at the net asset value of shares held by the Commission at year end.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Allegany County Human Resources Development Commission, Inc.
Notes to Financial Statements
September 30, 2019

Note 7: Long-Term Liabilities

The Commission's long-term liabilities consist of the following:

Installment loan due in semi-annual installments of varying amounts through July 2028; variable interest	<u>\$ 630,000</u>
Installment loan due in monthly installments of varying amounts through July 2029; variable interest	<u>\$ 35,350</u>

Maturities of long-term liabilities as of September 30, 2019, are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 66,092
2021	68,209
2022	68,324
2023	68,442
2024	73,564
2025-2029	<u>320,719</u>
	<u>\$ 665,350</u>

The Commission has available a bank line of credit for any amount up to \$475,000 at September 30, 2019 and September 30, 2018. The line of credit is secured by the Organization's building. The line of credit bears interest at 4%. The Organization was obligated for \$0 and \$0 at September 30, 2019 and 2018, respectfully.

Note 8: Donated Materials and Services

The value of donated building space, equipment and materials are reflected in the accompanying financial statements at fair market value for all programs. The Commission receives donated space from the Board of Education and Allegany College. The Commission is responsible for all operating costs. The following grant contracts require accounting for these donations: Head Start, Early Head Start, and Older Americans Act.

In accordance with generally accepted accounting principles, FASB *Accounting Standards Codification 958, Recognition* requires that donated building space be recorded at fair market value of the total lease at its inception as income and a related receivable (see Note 4), which is amortized over the life of the lease. These leases expire at various times between July 31, 2020 and June 30, 2024. The amount of donated building space and donated goods and materials for the fiscal years ended September 30, 2019 and 2018, was \$496,214 and \$315,533, respectively.

A difference exists between in-kind revenue and in-kind expenses. The difference is created when a long term lease is signed and recorded as an Unconditional Promise – Building Lease on the balance sheet. The unconditional promise is reduced annually which also creates a difference between in-kind revenue and in-kind expenses.

A significant amount of donated services are performed by unpaid volunteer officers and committees to manage and promote the Commission's programs and activities. The value of this contributed time is not reflected in the accompanying financial statements because it does not meet the criteria for recognition under generally accepted accounting standards.

Allegany County Human Resources Development Commission, Inc.
Notes to Financial Statements
September 30, 2019

Note 9: Property and Equipment

A summary of property and equipment at September 30, 2019, is as follows:

	Cost	Accumulated Depreciation
Construction in progress	\$ 9,310	\$ -
Land	236,695	-
Land improvements	552,761	219,601
Building and improvements	8,627,356	3,351,265
Equipment	824,604	685,616
Furnishings	23,051	8,153
Vehicles	<u>1,571,229</u>	<u>1,405,249</u>
TOTAL	\$ <u>11,845,006</u>	\$ <u>5,669,884</u>

Note 10: Retirement Plan

Effective October 1, 1999, the Commission enrolled in the United Food and Commercial Workers Unions and Participating Employers Pension Plan. Contributions are made by the Commission for regular and limited union employees at a rate of \$0.20 per hour up to a maximum of 40 hours per week. Union employees are eligible the first full payroll week following completion of 30 days of continuous employment retroactive to day one of employment.

The Commission added a 403(b) retirement plan in fiscal year (FY) 2002 for all eligible employees. Employees can contribute up to the maximum allowed by the 403(b) plan and the Commission matches \$.50 on the dollar up to a cap of six percent on the non-union employee contributions. There were no discretionary matches in FY 2019 or 2018. An employee is determined to be fully vested with five years of service. The total assets for the plan as of September 30, 2019 and 2018 were \$1,121,906 and \$1,031,637, respectively. The employee contribution for FY 2019 and 2018 was \$66,882 and \$64,657, respectively. The Commission's contribution was \$19,465 and \$20,135 for FY 2019 and 2018, respectively.

Note 11: Annual Leave Accrual

Annual vacation leave is earned by all full-time and all part-time employees who have been employed with the agency for one full calendar year and who work at least four hours a day, 20 hours a week. The leave is earned monthly during the current program year and computed and credited to the employee on the first day of the following program year. It is then available to the employee for use during that program year.

Sick leave is earned each pay period at a predetermined earning rate by all regular employees who have been employed by the agency for one full calendar year. Maximum levels exist for the number of hours available to be earned each year, as well as the total number hours available each year per employee. Sick leave balances can be carried from year to year. Upon an employee's

Allegany County Human Resources Development Commission, Inc.
Notes to Financial Statements
September 30, 2019

Note 11: Annual Leave Accrual – Continued

resignation or permanent furlough, the employee is eligible to be paid a maximum of five days of sick leave, if available, in the employee's account.

In addition, when an employee is terminated, one month of health insurance is provided to that employee. This amount for each employee has been accrued also.

Note 12: Home Energy Program

Currently, the Home Energy Program operates the Maryland Energy Assistance Program (MEAP) and the Maryland Office of Home Energy Program (OHEP). The Commission calculates the amount of assistance due for low-income persons entitled to receive benefits that heat with oil, kerosene, or wood. Payments are made by the Commission directly to these vendors using MEAP benefit funds.

These amounts are recorded in the financial statements as federal revenue and the corresponding MEAP benefit expense. Secondly, the Commission calculates the amount of assistance due for low-income persons entitled to receive benefits that heat with gas or electric. This information is sent to the State of Maryland who pays these vendors directly using OHEP funds. This amount is not included as revenue or expense on the financial statements of the Commission since the assistance is paid directly by the State of Maryland to the vendor.

Note 13: Designated Net Assets

Designated net assets consist of three parts: funds for adult day care, unconditional promises for rental spaces, and accrued benefits payable.

The Adult Day Care Centers were partially built with State of Maryland funding. That portion of the building paid with State of Maryland funding can be reclaimed by the State if the Commission does not use the building for adult day care centers for a total of 30 years. The Commission has designated net assets in the amount of \$382,626 in FY'19 and \$382,626 in FY'18 in order to cover the State portion until the 30 years are completed. Also, the amount of accounts receivable attributed to the unconditional promises to give (see Note 4) for access to free rental space was included as designated net assets in the amount of \$444,094 and \$596,077 at September 30, 2019 and 2018, respectively.

The final board designation on net assets is to cover the amount of accrued benefits payable. The amount of accrued benefits will be recalculated each year to account for benefits earned and benefits used.

The total amount of designated net assets at September 30, 2019 and 2018 is \$1,139,925 and \$1,259,632, respectively.

Note 14: Deferred Revenue

As of September 30, 2019 and 2018, a few grantors had advanced grant awards to the Commission before the revenue was earned, therefore, creating deferred revenue. The amount of deferred revenue is \$984,233 and \$728,895, respectively.

Allegheny County Human Resources Development Commission, Inc.
Notes to Financial Statements
September 30, 2019

Note 15: Risk Management

Significant losses are covered by commercial insurance for all major programs. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current or three prior years.

The Commission has not recorded an estimated liability for costs incurred in excess of insured coverage or torts, and other claims against the Commission. Based on historical experience, the Commission expects any such costs to be immaterial.

Note 16: Liquidity and Availability

The Commission manages its financial assets to provide sufficient liquidity for operations and to provide operating income through investments while safeguarding principal. The investment policy details the composition, objectives, and types of investments needed for the Commission's liquidity. The Commission invests in money market funds and mutual funds to enhance the Commission's liquidity (see Note 6).

Cash and other financial assets available within one year at June 30, 2019 and 2018 are as follows:

	2019	2018
Financial assets at year-end:		
Cash and cash equivalents	\$ 2,849,218	\$ 2,980,982
Accounts receivable	55,557	28,602
Grants receivable, net	1,025,938	1,194,678
Investments	741,580	488,635
Subtotal of financial assets at year end	4,672,293	4,692,897
Less amounts with limits on usage:		
Net assets with donor restrictions	(22,858)	(1,611)
Net assets with board designations	(1,139,925)	(1,259,632)
Total financial assets available for general use within one year	\$ 3,509,510	\$ 3,431,654

Note 17: Evaluation of Subsequent Events

The Commission has evaluated, for possible financial statement disclosure, subsequent events through March 6, 2020, the date which the financial statements were available to be issued, and has determined there were no such events.

ALLEGANY COUNTY HUMAN RESOURCES

DEVELOPMENT COMMISSION, INC.

SINGLE AUDIT

SEPTEMBER 30, 2019

David W. Turnbull, CPA
Richard J. Hoover, CPA
Bernard B. Kahl, CPA



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**Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

To the Board of Directors
Allegany County Human Resources
Development Commission, 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 Allegany County Human Resources Development Commission, Inc. (the "Commission") (a nonprofit organization), which comprise the statement of financial position as of September 30, 2019, 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 March 6, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tumbully Hoover & Kahl PA

Cumberland, Maryland
March 6, 2020

David W. Turnbull, CPA
Richard J. Hoover, CPA
Bernard B. Kahl, CPA



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**Independent Auditors' Report on Compliance for
Each Major Program and on Internal Control Over
Compliance Required by Uniform Guidance**

To the Board of Directors
Allegany County Human Resources
Development Commission, Inc.

Report on Compliance for Each Major Federal Program

We have audited Allegany County Human Resource Development Commission, Inc.'s (the "Commission") 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 Commission's major federal programs for the year ended September 30, 2019. The Commission's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Commission'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 the 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 Commission'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 Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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 September 30, 2019.

Report on Internal Control over Compliance

Management of the Commission 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 Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each 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 Commission's 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 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.

Trenbull, Hoover & Kahl P.A.

Cumberland, Maryland
March 6, 2020

ALLEGANY COUNTY HUMAN RESOURCES DEVELOPMENT COMMISSION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

<u>PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANT #</u>	<u>PROGRAM/ AWARD AMOUNT</u>	<u>FEDERAL EXPENDITURES</u>	<u>PASS THROUGH TO SUBRECIPIENTS</u>
U.S. DEPARTMENT OF AGRICULTURE:					
PASS THROUGH STATE OR OTHER:					
Child Nutrition Cluster:					
Child and Adult Care Food: Summer Food Service	10.559	n/a	\$ 5,467	\$ 5,467	\$ -
Total Child Nutrition Cluster			<u>5,467</u>	<u>5,467</u>	<u>-</u>
Food Distribution Cluster:					
Commodity Supplemental Food Program	10.565	1MD810822	20,936	20,936	-
Total Food Distribution Cluster			<u>20,936</u>	<u>20,936</u>	<u>-</u>
Child and Adult Care Food	10.558	n/a	387,567	387,567	-
TOTAL U.S. DEPARTMENT AGRICULTURE			<u>413,970</u>	<u>413,970</u>	<u>-</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:					
PASS THROUGH STATE OR OTHER:					
CDBG - Entitlement Grants Cluster:					
Community Development Block Grants-City	14.218	QQ18014	21,653	21,653	-
Total CDBG - Entitlement Grants Cluster			<u>21,653</u>	<u>21,653</u>	<u>-</u>
Emergency Solutions Grant	14.231	n/a	192,400	18,435	-
Emergency Solutions Grant: Homelessness Solutions	14.231	E-19-DC-24-0001	97,465	12,527	-
			<u>289,865</u>	<u>30,962</u>	<u>-</u>
Continuum of Care McKinney-Veto	14.267	see tab Grant #	164,042	52,947	-
National Foreclosure Mitigation Counseling Program:					
Neighborhood Reinvestment Corporation Act/HUD	14.169	n/a	8,000	7,661	-
Comprehensive Housing Counseling Program	14.316	HC180321054 HC1900321041	41,332	5,727	-
Housing Voucher Cluster:					
Section 8 Housing Choice Voucher Program	14.871	n/a	3,246,474	3,246,474	-
Section 8 Housing Family Unification Program	14.880	n/a	67,788	62,144	-
Total Housing Voucher Cluster			<u>3,314,262</u>	<u>3,308,618</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>3,839,154</u>	<u>3,427,568</u>	<u>-</u>
U.S. DEPARTMENT OF TRANSPORTATION:					
DIRECT FLOW-THROUGH:					
Transit Services Programs Cluster:					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	MD160039&FY1819C 5310	256,934	86,623	-
Total Housing Voucher Cluster			<u>256,934</u>	<u>86,623</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>256,934</u>	<u>86,623</u>	<u>-</u>
U.S. DEPARTMENT OF THE TREASURY:					
PASS THROUGH STATE OR OTHER:					
VITA Grant	21.009	n/a	20,000	20,000	-
TOTAL U.S. DEPARTMENT OF THE TREASURY			<u>20,000</u>	<u>20,000</u>	<u>-</u>

ALLEGANY COUNTY HUMAN RESOURCES DEVELOPMENT COMMISSION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

<u>PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANT #</u>	<u>PROGRAM/ AWARD AMOUNT</u>	<u>FEDERAL EXPENDITURES</u>	<u>PASS THROUGH TO SUBRECIPIENTS</u>
U.S. DEPARTMENT OF ENERGY:					
PASS THROUGH STATE OR OTHER:					
Weatherization Assistance for Low-Income Persons	81.042	DE-EE 0007925	240,938	81,047	-
TOTAL U.S. DEPARTMENT OF ENERGY			240,938	81,047	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:					
DIRECT FLOW-THROUGH:					
Head Start/Early Head Start	93.600	03CH010166/04-05	\$ 5,464,180	\$ 3,514,733	\$ -
PASS THROUGH STATE OR OTHER:					
Special Programs for the Aging:					
Title VII, Chapter 2 Long Term Care Ombudsman					
Elder Abuse Prevention Ombudsman	93.041	1901MDOAEA	2,325	2,077	-
Ombudsman	93.042	1901MDOAOM	7,576	7,054	-
Title III, Part D Disease Prevention and Health Promotion Services					
Promotion Services	93.043	1901MDOAPH	11,471	2,111	-
Aging Cluster:					
Title III, Part B Grants for Supportive Services and Senior Centers					
and Senior Centers	93.044	1901MDOASS	99,595	99,595	7,331
Title III, Part C Nutrition Services					
Ombudsman	93.045	1901MDOACM/HD	197,491	197,491	-
Title III, Nutrition Services Incentive Program					
Total Aging Cluster	93.053	1901MDOANS	64,969	64,969	-
			362,055	362,055	7,331
Senior Medicare Patrol	93.048	90MPPG0001-01-00	2,500	2,500	-
Title III, Part E NFCSP	93.052		47,400	47,400	42,751
Senior Health Insurance & Assistance	93.324	90SAPG0003-03	28,869	13,394	-
Medicare Improvement for Patients and Providers Act	93.071	1801MDMISH/AA/DR	8,255	4,954	-
Low-Income Home Energy Assistance	93.568	FIA/OHEP-15-001-A2	2,743,554	1,755,161	-
Money Follows the Person	93.791	n/a	4,813	4,813	1,125
477 Cluster:					
Community Services Block Grant	93.569	n/a	322,889	310,607	-
Total 477 Cluster			322,889	310,607	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			9,005,887	6,026,859	51,207
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:					
DIRECT FLOW-THROUGH:					
Retired and Senior Volunteer Program	94.002	19SR217439	91,000	48,163	-
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			91,000	48,163	-
TOTAL FEDERAL AWARDS			\$ 13,867,883	\$ 10,104,230	\$ 51,207

**ALLEGANY COUNTY HUMAN RESOURCES
DEVELOPMENT COMMISSION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2019**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Commission under programs of the federal government for the year ended September 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the Commission.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Oversight Agency

The United States Department of Health and Human Services has been designated as the oversight audit agency for the Commission.

Note 4. Pass-Through to Subrecipients

The Commission provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
Resource for Independence	93.791	\$ 1,125
Allegany Law Foundation, Inc.	93.044	7,331
Allegany County Health Department	93.052	42,751
Total Amount Provided		<u>\$ 51,207</u>

Note 5. Indirect Cost Rate

The Commission has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**ALLEGANY COUNTY HUMAN RESOURCES
DEVELOPMENT COMMISSION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2019**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of Auditor Report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? _____ yes x no

Significant deficiencies identified that are not considered
to be material weaknesses? _____ yes x no

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs?

Material weakness identified? _____ yes x no

Significant deficiencies identified that are not considered
to be material weaknesses? _____ yes x none reported

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 none reported

Identification of major programs?

CFDA Number	Name of Federal Program Cluster
14.871	Housing Voucher Cluster
14.880	Housing Voucher Cluster

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

Auditee qualified as low-risk auditee? x yes _____ no

**ALLEGANY COUNTY HUMAN RESOURCES
DEVELOPMENT COMMISSION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2019**

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None

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

None