

**CENTRAL KENTUCKY COMMUNITY
ACTION COUNCIL, INC.
AUDIT REPORT
JUNE 30, 2023**

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INDEPENDENT AUDITOR'S REPORT

December 6, 2023

Board of Directors
Central Kentucky Community Action Council, Inc.

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the financial statements present fairly, in all material respects, the financial position of Central Kentucky Community Action Council, Inc as of June 30, 2023, 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.

Basis for Opinion

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

Change in Accounting Principle

As described in Note A to the financial statements, in 2023, the Agency adopted FASB's Accounting Standards Codification Topic 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Central Kentucky Community Action Council, Inc'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 Central Kentucky Community Action Council, Inc's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing

standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2023 , on our consideration of Central Kentucky Community Action Council, 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 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 Central Kentucky Community Action Council, Inc.'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 Central Kentucky Community Action Council, Inc.'s internal control over financial reporting and compliance.

Sincerely,

White and Company, P.S.C.

Certified Public Accountants

Central Kentucky Community Action Council, Inc.
Statement of Financial Position
June 30, 2023

Assets

Current Assets	
Cash- Restricted (Note B)	6,223,096
Grants Receivable (Note C)	1,934,062
Other Receivables	405,110
Other Current Assets	76,789
Total Current Assets	8,639,057
Land	
Property and Equipment (Notes A-2 & D)	703,615
Construction in Progress (Note D)	17,253,215
Accumulated Depreciation	37,380
Right-of-Use Asset Net of Accumulated Amortization	(5,147,121)
Total Net Land, Property, and Equipment	757,233
Total Assets	22,243,379

Liabilities and Net Assets

Current Liabilities	
Accounts Payable	473,278
Accrued Salaries and Wages	765,241
Accrued Retirement	169,901
Current Portion of Financing Lease Obligation (Note I)	30,716
Operating Leases Payable (Note J)	152,978
Other Liabilities	341,864
Refundable Advances (Note A-5)	6,468,573
Total Current Liabilities	8,402,551
Operating Lease Payable	
Operating Lease Payable	604,255
Financing Lease Obligation (Note I)	
Financing Lease Obligation (Note I)	130,993
Total Long-Term Liabilities	735,248
Total Liabilities	9,137,799
Net Assets	
Without Donor Restrictions	2,639,974
With Donor Restrictions	10,465,606
Total Net Assets	13,105,580
Total Liabilities and Net Assets	22,243,379

- See independent auditor's report and accompanying notes to financial statements.

Central Kentucky Community Action Council, Inc.
Statement of Activities
For the Year Ended June 30, 2023

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Totals</u>
Revenues			
Grant & Contract Income (Note A-4)	19,271,520	296,628	19,568,148
Contributions	225,549	0	225,549
Client Fees	294,610	0	294,610
Miscellaneous Income	32,721	0	32,721
Interest Income	531	0	531
In-Kind Income (Notes A-6 & H)	<u>208,683</u>	<u>0</u>	<u>208,683</u>
 Total Revenues, Gains, and Other Support	 20,033,614	 296,628	 20,330,242
Expenses			
Program Services			
Kentucky Works / SNAP E&T	593,409	1,092	594,501
Head Start	7,254,889	508,941	7,763,830
Child Care Development Block Grant	660,888	0	660,888
CSBG	1,014,648	14,203	1,028,851
Transportation-5311	3,775,880	113,529	3,889,409
LiHeap	2,594,445	0	2,594,445
Congregate Meals	747,500	1,285	748,785
Unaffiliated Centers	824,868	3,577	828,445
Other Programs	<u>1,899,223</u>	<u>369,161</u>	<u>2,268,384</u>
 Total Expenses by Program	 <u>19,365,750</u>	 <u>1,011,788</u>	 <u>20,377,538</u>
 Changes in Net Assets	 667,864	 (715,160)	 (47,296)
Net Assets - Beginning of Year	<u>1,972,110</u>	<u>11,180,766</u>	<u>13,152,876</u>
Net Assets - End of Year	<u><u>2,639,974</u></u>	<u><u>10,465,606</u></u>	<u><u>13,105,580</u></u>

- See independent auditor's report and accompanying notes to financial statements.

Central Kentucky Community Action Council, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2023

	Kentucky Works / SNAP E&T	Head Start	Child Care Development Block Grant	CSBG	Transportation 5311	LiHeap	Congregate Meals	Unaffiliated Centers	Other Programs	Total
Program Services:										
Salaries	298,137	3,851,676	286,598	362,485	1,789,096	148,003	210,080	34,174	571,720	7,551,969
Fringe Benefits	149,490	1,696,896	134,192	141,208	768,160	56,707	93,921	15,697	300,528	3,356,799
Contracts & Consultants	4,457	75,056	-	9,128	978	107	53,051	1,854	161,107	305,738
Travel & Transportation Costs	5,852	139,919	-	22,629	780,555	887	6,593	1,958	107,569	1,065,962
Training Costs	206	59,163	300	2,355	4,574	-	567	4	15,097	82,266
Space Costs/Utilities	79,128	246,900	204,642	94,499	62,755	-	44,863	3,567	29,704	766,058
Consumable Supplies	5,326	369,306	34,769	31,813	50,737	9,894	38,986	1,074	123,968	665,873
Equipment Expense	-	125,862	-	67,934	116,111	-	580	-	6,193	316,680
Insurance	670	96,789	-	3,802	4,347	-	1,121	433	9,206	116,368
Renovation and Construction	-	6,945	-	-	-	-	-	-	-	6,945
Program/Client Benefits	-	-	-	208,543	-	2,355,171	190,964	760,565	450,973	3,966,216
In-Kind Expenses	-	18,036	-	59,296	-	-	72,000	-	59,351	208,683
Other Expenses	2,033	21,864	387	12,736	21,563	-	874	27	30,215	89,699
Total Program Services	545,299	6,708,412	660,888	1,016,428	3,598,876	2,570,769	713,600	819,353	1,865,631	18,499,256
Management and General:										
Indirect Costs (Note P)	48,110	667,783	-	58,701	288,702	23,676	33,900	5,515	93,278	1,219,665
Total Expenses by Program	593,409	7,376,195	660,888	1,075,129	3,887,578	2,594,445	747,500	824,868	1,958,909	19,718,921
Less: Federal Fixed Asset Additions	-	(121,306)	-	(60,481)	(111,698)	-	-	-	(60,913)	(354,398)
Add: Loss of Disposal of Assets	-	-	-	-	-	-	-	-	910	910
Add: Depreciation of assets purchased with federal funds	1,092	508,941	-	14,203	113,529	-	1,285	3,577	369,478	1,012,105
Total Expenses	594,501	7,763,830	660,888	1,028,851	3,889,409	2,594,445	748,785	828,445	2,268,384	20,377,538

- See independent auditor's report and accompanying notes to financial statements.

Central Kentucky Community Action Council, Inc.
Statement of Functional Expenses - Other Programs
For the Year Ended June 30, 2023

	FCCH	CCC	Senior Companion	Weatherization LiHeap	Weatherization	Transportation: Section 5309, 5310, & 5339	Aging Services IIIB	Miscellaneous	Total
Salaries	18,050	130,902	42,617	124,385	150,241		26,858	78,667	571,720
Fringe Benefits	9,180	61,871	(1,187)	74,265	83,903		12,064	60,432	300,528
Contracts & Consultants	72	365	80	10,238	23,959		126,695	(302)	161,107
Travel & Transportation Costs	553	14,862	9,952	33,897	6,815	6,309	2,426	32,755	107,569
Training Costs	4	2,921	933	42	1,830		-	9,367	15,097
Space Costs/Utilities	2,544	2,483	6,897	4,224	8,897		-	4,659	29,704
Consumable Supplies	800	4,686	11,479	49,963	47,994		-	9,046	123,968
Equipment Expense	-	1,467	-	2,038	1,896		-	792	6,193
Insurance	433	-	2,576		2,866		-	3,331	9,206
Program/Client Benefits	165,314	27,422	67,258				-	190,979	450,973
In-Kind Expenses	-	29,555	75				-	29,721	59,351
Indirect Costs	2,913	21,123	6,806	19,756	24,559		4,334	13,787	93,278
Other Expenses	54	392	23,706	1	110		1	5,951	30,215
Total Expenses by Program	199,917	298,049	171,192	318,809	353,070	6,309	172,378	439,185	1,958,909
Less: Federal Fixed Asset Additions	-	(1,467)	-	-	(1,676)	-	-	(57,770)	(60,913)
Add: Loss of Disposal of Assets	-	-	-	-	-	910	-	-	910
Add: Depreciation of assets purchased with federal funds	-	1,052	265	-	154	366,780	-	1,227	369,478
Total Expenses	199,917	297,634	171,457	318,809	351,548	373,999	172,378	382,642	2,268,384

- See independent auditor's report and accompanying notes to financial statements.

Central Kentucky Community Action Council, Inc.
Statement of Cash Flows
Year Ended June 30, 2023

Operating Activities	
Changes in Net Assets	(47,296)
Add: Charges Not Requiring Funds	
Depreciation	1,065,397
Loss on Disposal of Equipment	910
Changes in Operating Assets and Liabilities	
Increase in Grants Receivable	(406,720)
Increase in Other Receivables	(109,999)
Increase in Other Current Assets	(20,454)
Decrease in Accounts Payable	(293,804)
Increase in Salaries and Wages Payable	255,378
Increase in Accrued Retirement	33,923
Increase in Other Liabilities	135,702
Increase in Refundable Advances	<u>1,690,592</u>
Net Cash Provided by Operating Activities	2,303,629
Investing Activities	
Purchase of Assets	<u>(2,036,868)</u>
Net Cash Used in Investing Activities	(2,036,868)
Financing Activities	
Repayment of Debt and Financing Leases	<u>(29,404)</u>
Net Cash Used in Financing Activities	<u>(29,404)</u>
Increase in Cash	237,357
Cash - Beginning of Year	<u>5,985,739</u>
Cash - End of Year	<u><u>6,223,096</u></u>
Cash paid for interest	8,167
Cash paid for taxes	0

- See independent auditor's report and accompanying notes to financial statements.

Central Kentucky Community Action Council, Inc.

Notes to Financial Statements
Year Ended June 30, 2023

A. Summary of Significant Accounting Policies

1. Nature of Activities

Central Kentucky Community Action Council, Inc. is a nonprofit corporation organized to fight poverty in an eight-county area of Central Kentucky. It administers numerous grants from various federal, state, and local sources.

2. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Further, in 2014, the Agency adopted FASB Accounting Standards Codification (ASC) No. 958, *Recognition of Depreciation By Not-for-Profit Organizations*. Depreciable assets are recorded at cost and depreciated on a straight-line basis over their estimated useful lives, ranging from approximately five to thirty-nine years. See Note D for further detail regarding fixed assets.

3. Basis of Presentation

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

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the board limits resulting from the nature of the Agency, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

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

4. Revenue

Central Kentucky Community Action Council receives substantially all of its grant revenue from federal, state, and local agencies. Revenue restricted by the grantor for

particular purposes is deemed to be earned and reported as revenues when the Council has incurred expenses in compliance with the specific restrictions.

Any of the funding sources may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by Central Kentucky Community Action Council, Inc. with the terms of the grants.

5. Refundable Advances

The balance of refundable advances at June 30, 2023, represents amounts received under contracts that will be expended in the next fiscal year in accordance with the grant provisions.

6. In-Kind Income

The Agency received in-kind contributions in the form of labor, donated space, and equipment. Non-specialized labor hours are recorded at the prevailing minimum wage rate. Donated space is recorded at fair rental value and equipment at fair market value at date of the donation. In-kind contributions are recorded as revenues with the offsetting charge to in-kind expense.

7. Income Taxes

The Agency is a nonprofit corporation, incorporated under the laws of the State of Kentucky, and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Agency is also exempt from Kentucky income tax. The Agency has adopted ASC 740-10 as it relates to uncertain tax positions for the year ended June 30, 2023, and has evaluated its tax positions taken for all open tax years. Currently, the 2022, 2021, 2020, and 2019 tax years are open and subject to examination by the Internal Revenue Service. However, the Agency is not currently under audit nor has the Agency been contacted by Internal Revenue Service. Based on the evaluation of the Agency's tax positions, management believes all positions taken would be upheld under examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the year ended June 30, 2023.

8. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

9. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

10. Cash and Cash Equivalents

Cash and cash equivalents include all money in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Notes to Financial Statement (Continued)

11. Accounts Receivable

The Council considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made. The Council considers that amount to be immaterial.

12. Inventory

The only inventory reported in the Statement of Financial Position is office supply inventory, which is recorded at cost.

13. Advertising & Marketing

The Council uses advertising to promote employment opportunities as well as its programs to the audiences it serves. Advertising costs are expensed as they are incurred. During the year ended June 30, 2023, advertising and marketing costs were \$64,817.

14. New Accounting Principles

Effective July 1, 2022, the Council adopted FASB's Accounting Standards Codification Topic 842, *Leases*. With this standard, leases longer than 12 months are reflected on the Council's balance sheet. This enhances transparency by giving a clear picture of the Council's lease obligations.

B. Cash and Investments

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Council's deposits may not be returned to it. Deposits (cash and certificates of deposit) are carried at cost that approximates market value. The carrying amount of deposits is separately displayed on the balance sheet as "Cash." At June 30, 2023, the cash balances totaled \$6,223,096. Of that, \$500,000 was covered by Federal Depository Insurance and the remainder was fully collateralized.

Restricted cash is cash required to be used by a grantor or donor for a specific program or purpose.

C. Grants Receivable

Grants receivable are deemed to be fully collectible by management.

Notes to Financial Statements (Continued)

D. Property and Equipment

Property and equipment consist of the following at June 30, 2023:

	Beginning Balance	Additions	Retirements	Ending Balance
Non-Depreciable Assets:				
Land	548,539	155,076		703,615
Construction in Progress	7,840	29,540		37,380
Depreciable Assets:				
Building & Building Improvements	10,016,872	1,497,856		11,514,728
Vehicles	5,075,192	109,556	(102,367)	5,082,381
Furniture, Fixtures, & Equipment	425,157	244,840	(13,891)	656,106
TOTAL AT HISTORICAL COST	16,073,600	2,036,868	(116,258)	17,994,210
LESS ACCUMULATED DEPRECIATION FOR:				
Building & Building Improvements	705,492	312,772		1,018,264
Vehicles	3,187,808	692,815	(101,457)	3,779,166
Furniture, Fixtures, & Equipment	303,772	59,810	(13,891)	349,691
TOTAL ACCUMULATED DEPRECIATION	4,197,072	1,065,397	(115,348)	5,147,121
CAPITAL NET	11,876,528	971,471	(910)	12,847,089

Total depreciation expense for the year ended June 30, 2023 was \$1,065,397. Of this, \$1,012,105 is the depreciation expense for assets purchased with federal funding and \$53,292 is the depreciation expense for assets purchased with Council funds.

Included in fixed assets are assets purchased with restricted funds. If the Council does not continue to use the assets for their intended purpose, the asset or the proceeds from the sale of the assets may revert to the original grantor. Of the \$17,917,317 in asset costs, \$15,138,858 represents assets purchased with restricted funds.

E. Pension Plan

The Council contributes to a multiemployer defined benefit pension plan, the County Employees Retirement System (CERS), in conjunction with other nonprofit and governmental organizations. The Council does not directly manage this multiemployer plan, which is managed by a board of trustees. A majority of the Council's employees are participants in the multiemployer plan as of June 30, 2023, subject to eligibility requirements.

This plan is organized as a noncontributory multiemployer retirement plan, and therefore the plan is not subject to certain reporting requirements of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The plan's certified zone status is not available since the plan is not subject to ERISA reporting requirements.

The risks of participating in a multiemployer plan are different from a single employer plan in the following aspects: (1) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers; (2) if a participating employer

Notes to Financial Statements (Continued)

stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; (3) if an employer chooses to stop participating in a multiemployer plan, the entity may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdraw liability. If a plan were to terminate, if participants voluntarily withdrew or there was a mass withdrawal, the Council may also be required to make additional payments to the plan for its proportionate share of the underfunded liabilities.

The following table presents information on the plans and the Organization's participation in the plans (in thousands):

<u>Plan Employer Identification & Plan Number</u>	<u>Plan Funded Status as of June 30, 2022</u>		<u>Council Contributions for the Year Ended</u>		<u>Total Plan Contributions for the Year Ended</u>		<u>Council Contributions Greater Than</u>
	<u>Assets</u>	<u>Accumulated Benefit Obligation</u>	<u>2023</u>	<u>2022</u>	<u>2022</u>	<u>2021</u>	<u>5% of Total?</u>
61-6027948 CERS	8,148,912	15,674,220	1,791	1,416	606,807	472,228	No

As noted in the table above, the Council did not make contributions greater than 5% of the total contributions to CERS.

The plans' accumulated benefit obligations are determined annually by the plans' actuary. Significant actuarial assumptions utilized for CERS include a discount rate of 6.25%, and expected rate of investment return of 6.25%, and an expected rate of salary increase of 3.3% - 10.30% on average, varying by service. Plan assets are invested in public equity, private equity, fixed income (including core bonds, specialty credit / high yield, and cash), and inflation protected (including real estate and real return) investments. The funds' investments are determined by the Board of Kentucky Retirements Systems according to Kentucky Revised Statute 61.650. Funded status information was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

F. Other Post-Employment Benefits

A portion of the contributions plan participants make to CERS are for other post-employment benefits, of which the primary benefit offered is health insurance. The following table presents information on the plans and the Organization's participation in the plans (in thousands):

<u>Plan Employer Identification & Plan Number</u>	<u>Plan Funded Status as of June 30, 2022</u>		<u>Council Contributions for the Year Ended</u>		<u>Total Plan Contributions for the Year Ended</u>		<u>Council Contributions Greater Than</u>
	<u>Assets</u>	<u>Accumulated Benefit Obligation</u>	<u>2023</u>	<u>2022</u>	<u>2022</u>	<u>2021</u>	<u>5% of Total?</u>
CERS Non- hazardous Insurance Fund	3,160,084	2,391,990	259	387	123,366	129,903	No

As noted in the table above, the Council did not make contributions greater than 5% of the total contributions to CERS.

Notes to Financial Statements (Continued)

The plans' accumulated benefit obligations are determined annually by the plans' actuary. Significant actuarial assumptions utilized for CERS include a discount rate of 5.70%, and expected rate of investment return of 6.25%, and an expected rate of salary increase of 3.30% - 10.30%, varying by service. Funded status information was measured as of June 30, 2022, and the total net other post-employment benefits liability used to calculate the net other post-employment benefit liability was determined by an actuarial valuation as of that date.

G. FASB ASC 958 Eliminations

In-kind salaries of \$122,919 and fringes of \$43,023 have been removed from program services expenses since they do not meet the requirements of FASB ASC 958. The following schedule recaps:

Program	Total In-Kind Services	In-Kind Salaries	In-Kind Fringes	Total Recognized In-Kind Services
Congregate Meals	72,000	0	0	72,000
CSBG	98,715	29,199	10,220	59,296
SCP	75	0	0	75
Head Start	99,167	60,097	21,034	18,036
RSVP	29,721	0	0	29,721
CCC	<u>37,089</u>	<u>5,581</u>	<u>1,953</u>	<u>29,555</u>
	<u>336,767</u>	<u>94,877</u>	<u>33,207</u>	<u>208,683</u>

H. Contingent Liability - Unemployment Insurance Trust

The Agency is a member of the Kentucky Grantees Unemployment Insurance Trust. They do not contribute to the State's unemployment insurance fund. Earnings on CKCAC's balance are used to reimburse the State for its actual cost for unemployment insurance benefits paid to former employees. The Council's policy is to maintain the Trust's balance at 50% of the previous fourth quarter's wages. During the year ended June 30, 2023, the Agency contributed \$78,123 to the Trust. The Trust was fully funded as of June 30, 2023.

I. Financing Lease Activities

The Agency entered into an agreement with the Marion County Fiscal Court and KACO in order to fund the purchase of the land and building of their current main offices. The total lease agreement is for \$495,000 at 4.75% for twenty (20) years.

The following is an analysis of leased assets included in Property and Equipment:

Land	37,500
Building and improvements	<u>789,883</u>
	827,383
Less accumulated amortization	<u>(385,616)</u>
	<u>441,767</u>

Amortization of assets held under capital leases is included with depreciation expense.

Notes to Financial Statements (Continued)

The following is a schedule of maturities of lease liabilities by year for the financing lease as of June 30, 2023:

Year ending June 30:

2024	37,557
2025	37,562
2026	37,556
2027	37,548
2028	<u>31,284</u>
Total minimum lease payments	181,507
Less amount representing interest	<u>(19,785)</u>
Present value of minimum lease payments	<u>161,722</u>

Cash paid for this lease during the year ended June 30, 2023 was \$37,569.

J. Operating Lease Activities

The Agency has operating leases of buildings for office space and storage facilities. Leases have remaining lease terms of 1 to 5 years. Leases with an initial term of 12 months or less are not recorded in the statement of financial position. Lease expense for these leases is recognized on a straight-line basis over the lease term. Operating lease assets as of June 30, 2023 totaled \$757,233. As most of these leases do not provide an implicit rate, the Agency used an approximate incremental borrowing rate of 6% in determining the present value of lease payments. The weighted average remaining lease term is 4 years.

The following is a schedule of maturities of lease liabilities by year for operating leases as of June 30, 2023:

Year ending June 30:

2024	221,793
2025	215,635
2026	188,976
2027	166,889
2028	<u>87,280</u>
Total minimum lease payments	880,573
Less amount representing interest	<u>(123,340)</u>
Present value of minimum lease payments	<u>757,233</u>

Operating lease payments in the table above include approximately \$66,000 related to options to extend terms that are reasonably certain to be exercised.

Cash paid for leases included in this measurement for the year ended June 30, 2023 was \$217,293. Of these costs, \$900 was included in management and general expenses and \$216,393 was included in direct program costs as space costs.

K. Subsequent Events

Management has reviewed subsequent events through December 6, 2023, which is the date the financial statements were available to be issued.

During 2023, the Agency purchased land and a building in Elizabethtown, Kentucky. The building will undergo extensive renovations in the following year. As of the date of this audit report, the cost of those renovations has not yet been determined.

There are no additional material subsequent events requiring disclosure.

L. Liquidity

The following reflects the Agency's financial assets as of the statement of financial position date. Because of the nature of the Agency and its operations, cash assets at June 30, 2023 were restricted by either donor-imposed restrictions or contractual obligations.

Amounts due to grantors (within one year)	192,473
Other due to amounts	5,335
Restricted by grant regulations	<u>6,025,288</u>
Total Cash – Restricted	<u>\$6,223,096</u>

As part of the Agency's liquidity management, it places cash in excess of monthly requirements in on demand or savings accounts.

The cash restricted by grant regulations are restricted as to use. However, that restriction is typically only within program guidelines.

Notes to Financial Statements (Continued)

M. Functional Classification of Expenses

Expenses for the year ended June 30, 2023, were allocated as follows:

	Program Services	Supporting Services: Management & General	Total
Salaries	7,551,969	684,361	8,236,330
Fringe Benefits	3,356,799	341,130	3,697,929
Contracts & Consultants	247,968	98,332	346,300
Travel & Transportation Costs	1,065,962	9,020	1,074,982
Training Costs	82,266	2,802	85,068
Space Costs / Utilities	766,058	26,115	792,173
Consumable Supplies	665,873	31,646	697,519
Equipment Expense	20,052	1,939	21,991
Insurance	116,368	25,261	141,629
Program / Client Benefits	3,966,216	0	3,966,216
In-Kind Expenses	208,683	0	208,683
Other Expenses	96,644	(941)	95,703
Total Expenses Before Federal			
Depreciation	18,144,858	1,219,665	19,364,523
Loss on Disposal of Assets	910		910
Depreciation of assets purchased with federal funds	1,012,105	0	1,012,105
Total Expenses After Depreciation	<u>19,157,873</u>	<u>1,219,665</u>	<u>20,377,538</u>

Central Kentucky Community Action Council, Inc.
Head Start Grant No. 04CH01126003
Statement of Revenues and Expenses
Year Ended June 30, 2023

	Approved * Budget	Actual 11/1/21 to 6/30/2022	Actual 07/01/22 to 6/30/2023	Total	COB Balance Current Year
<u>Revenues</u>					
<u>OCD Funds</u>					
Amount Awards This Budget Period	7,208,618	4,365,126	2,833,683	7,198,809	9,809
Program Income	0	0	0	0	0
STARS Incentive Income	0	31,675	(24,362)	7,313	(7,313)
Other Income	0	0	0	0	0
Grantee's Contributions	0	120,202	35,699	155,901	(155,901)
Total Revenues	<u>7,208,618</u>	<u>4,517,003</u>	<u>2,845,020</u>	<u>7,362,023</u>	<u>(153,405)</u>
<u>Expenses</u>					
<u>OCD's Share</u>					
<u>Head Start Full-Year/Full-Day PA22</u>					
Direct Costs					
Salaries	4,059,646	2,323,000	1,375,656	3,698,656	360,990
Fringe Benefits	1,606,015	1,099,626	589,748	1,689,374	(83,359)
Contracts & Consultants	83,150	32,413	25,833	58,246	24,904
Travel & Transportation Costs	121,702	70,498	49,719	120,217	1,485
Training & Staff Development	6,000	0	0	0	6,000
Consumable Supplies	76,720	46,205	243,499	289,704	(212,984)
Equipment Expense	21,148	216,172	120,131	336,303	(315,155)
Land, Facility Construction, & Renovation	13,600	50,823	6,456	57,279	(43,679)
Other Expenses	499,183	160,495	122,125	282,620	216,563
Subtotal	<u>6,487,164</u>	<u>3,999,232</u>	<u>2,533,167</u>	<u>6,532,399</u>	<u>(45,235)</u>
Indirect Costs	654,360	374,311	242,075	616,386	37,974
Total PA22 Costs	<u>7,141,524</u>	<u>4,373,543</u>	<u>2,775,242</u>	<u>7,148,785</u>	<u>(7,261)</u>
<u>Child Development Association Grant PA20</u>					
Direct Costs - Head Start					
Travel & Transportation	0	7,191	5,666	12,857	(12,857)
Other Expenses	58,345	15,338	27,518	42,856	15,489
Direct Costs - Early Head Start					
Travel & Transportation	0	386	359	745	(745)
Other Expenses	8,749	343	534	877	7,872
Subtotal	<u>67,094</u>	<u>23,258</u>	<u>34,077</u>	<u>57,335</u>	<u>9,759</u>
Indirect Costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total PA20 Costs	<u>67,094</u>	<u>23,258</u>	<u>34,077</u>	<u>57,335</u>	<u>9,759</u>
Total OCD Costs	7,208,618	4,396,801	2,809,319	7,206,120	2,498
Grantee's Share	0	120,202	35,701	155,903	(155,903)
Total Expenses	<u>7,208,618</u>	<u>4,517,003</u>	<u>2,845,020</u>	<u>7,362,023</u>	<u>(153,405)</u>
Revenue Over (Under) Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

* Grant Period is November 1, 2021 through October 31, 2022.

Central Kentucky Community Action Council, Inc.
Head Start Grant No. 04CH01126004
Statement of Revenues and Expenses
Year Ended June 30, 2023

	Approved * Budget	Actual 11/01/22 to 06/30/23	COB Balance Current Year
<u>Revenues</u>			
<u>OCD Funds</u>			
Amount Awards This Budget Period	7,208,618	4,499,619	2,708,999
Program Income	0	0	0
STARS Incentive Income	0	0	0
Other Income	0	0	0
Grantee's Contributions	0	63,467	(63,467)
Total Revenues	<u>7,208,618</u>	<u>4,563,086</u>	<u>2,645,532</u>
<u>Expenses</u>			
<u>OCD's Share</u>			
<u>Head Start Full-Year/Full-Day PA22</u>			
Direct Costs			
Salaries	3,991,559	2,476,019	1,515,540
Fringe Benefits	1,541,294	1,107,149	434,145
Contracts & Consultants	82,000	31,324	50,676
Travel & Transportation Costs	152,525	63,064	89,461
Training & Staff Development	0	0	0
Consumable Supplies	104,789	68,718	36,071
Equipment Expense	15,770	1,742	14,028
Land, Facility Construction, and Renovation	0	0	0
Other Expenses	581,692	265,256	316,436
Subtotal	<u>6,469,629</u>	<u>4,013,272</u>	<u>2,456,357</u>
Indirect Costs	<u>671,845</u>	<u>425,708</u>	<u>246,137</u>
Total PA22 Costs	7,141,474	4,438,980	2,702,494
<u>Child Development Association Grant PA20</u>			
Direct Costs - Head Start			
Travel & Transportation	0	11,207	(11,207)
Other Expenses	58,395	47,459	10,936
Direct Costs - Early Head Start			
Travel & Transportation	0	420	(420)
Other Expenses	8,749	1,552	7,197
Subtotal	<u>67,144</u>	<u>60,638</u>	<u>6,506</u>
Indirect Costs	<u>0</u>	<u>0</u>	<u>0</u>
Total PA20 Costs	67,144	60,638	6,506
Total OCD Costs	7,208,618	4,499,618	2,709,000
Grantee's Share	0	63,468	(63,468)
Total Expenses	<u>7,208,618</u>	<u>4,563,086</u>	<u>2,645,532</u>
Revenue Over (Under) Expenses	<u>0</u>	<u>0</u>	<u>0</u>

* Grant Period is November 1, 2022 through October 31, 2023.

Central Kentucky Community Action Council, Inc.
Head Start Grant No. 04HE00124101C6
COVID-19 ARPA
Statement of Revenues and Expenses
Year Ended June 30, 2023

	Approved * Budget	Actual 04/01/21 to 6/30/2021	Actual 07/01/21 to 06/30/22	Actual 07/01/22 to 03/31/23	Total	COB Balance Current Year
<u>Revenues</u>						
<u>OCD Funds</u>						
Amount Awards This Budget Period	591,071	1,945	539,906	49,220	591,071	0
Program Income	0	0	0	0	0	0
STARS Incentive Income	0	0	0	0	0	0
Other Income	0	0	0	0	0	0
Grantee's Contributions	0	0	0	0	0	0
Total Revenues	591,071	1,945	539,906	49,220	591,071	0
<u>Expenses</u>						
<u>OCD's Share</u>						
<u>Head Start Full-Year/Full-Day PA22</u>						
Direct Costs						
Salaries	155,994	0	155,994	0	155,994	0
Fringe Benefits	59,465	0	59,465	0	59,465	0
Contracts & Consultants	0	0	0	0	0	0
Travel & Transportation Costs	0	0	0	0	0	0
Training & Staff Development	0	0	0	0	0	0
Consumable Supplies	38,030	0	0	49,220	0	(11,190)
Equipment Expense	0	0	0	0	0	0
Land, Facility Construction, & Renovation	286,965	0	285,312	0	285,312	1,653
Other Expenses	28,201	1,945	16,719	0	18,664	9,537
Subtotal	568,655	1,945	517,490	49,220	519,435	0
Indirect Costs	22,416	0	22,416	0	22,416	0
Total PA22 Costs	591,071	1,945	539,906	49,220	541,851	0
Total OCD Costs	591,071	1,945	539,906	49,220	541,851	0
Grantee's Share	0	0	0	0	0	0
Total Expenses	591,071	1,945	539,906	49,220	541,851	0
Revenue Over (Under) Expenses	0	0	0	0	0	0

* Grant Period is April 1, 2021 through March 31, 2023.

Central Kentucky Community Action Council, Inc.
Reconciliation of SF 269 and SF 272 to Audit Report

Grant Number 04CH01126003

Federal Expenditures Per Final SF 269 and SF 272		7,198,809
Federal Expenditures Per Audited Financials		
11/01/21 through 06/30/22	4,365,126	
07/01/22 through 10/31/2022	<u>2,833,683</u>	
Total Expenditures Per Audited Financials		<u>7,198,809</u>
Difference (Rounding)		<u><u>0</u></u>

Grant Number 04CH01126004

Federal Expenditures Per Approved Budget		7,208,618
Federal Expenditures Per Audited Financials		
11/01/22 through 06/30/23	4,499,619	
7/01/23 through 10/31/23 (Post Audit Period)	<u>0</u>	
Total Expenditures Per Audited Financials		<u>4,499,619</u>
Difference to be Expended Subsequent to Audit Year Ending 06/30/22		<u><u>2,708,999</u></u>

Grant Number 04HE00124101C6

Federal Expenditures Per Audited Financials - COVID-19 ARPA		
04/01/21 through 6/30/21	1,945	
07/01/21 through 6/30/22	539,906	
07/01/22 through 6/30/23	<u>49,220</u>	
Total Expenditures Per Audited Financials		<u><u>591,071</u></u>

Central Kentucky Community Action Council, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

	Federal CFDA Number	Contract Number	Expenditures	Amounts Provided to Subrecipients
<u>U.S. Department of Health and Human Services</u>				
Direct Program:				
Head Start	93.600	04CH01126003	2,833,683	0
Head Start	93.600	04CH01126004	4,499,619	0
COVID-19 - Head Start ARPA	93.600	04HE00124101C6	49,220	0
Total Head Start			<u>7,382,522</u>	<u>0</u>
Passed through Corporation for National Community Service				
Retired & Senior Volunteer Program	94.002	22SRCKY001	67,032	0
Retired & Senior Volunteer Program	94.002	22SRCKY001	26,654	0
Senior Companion Grant	94.016	21SCCKY004	154,073	0
Total Corporation for National Community Service			<u>247,759</u>	<u>0</u>
Passed through Kentucky Cabinet for Health and Family Services				
COVID-19 - Child Care Development Block Grant - ARPA	93.575	Central KY CAC - Head Start	660,888	0
COVID-19 - Child Care Development Block Grant - ARPA	93.575	Central KY CAC - Head Start	695	0
Total Child Care Development Block Grant			<u>661,583</u> *	
Child Care Provider Trainings	93.575	PON2 736 2200002894	2,700	0
Community Services Block Grant	93.569	PON2 736 2200001861	861,114	0
Kentucky Works / SNAP E&T	93.558	PON2 2200001730	484,751	0
Community Collaboration for Children - Intensive Inhome	93.590	DO 736 2300000952	91,864	0
COVID-19 Community Collaboration for Children - Intensive Inhome - ARPA	93.590	DO 736 2300000952	94,010	0
Community Collaboration for Children - Promoting Safe & Stable Families	93.556	DO 736 2300000952	66,817	0
Total Kentucky Cabinet for Health and Family Services			<u>2,262,839</u>	<u>0</u>
Passed through Lincoln Trail Area Development District				
Special Programs for the Aging - Title IIIB	93.044	LTADD #4	125,376	0
Congregate Meals III C-1	93.045	LTADD #4	10,000	0
Congregate Meals III C-1	93.045	LTADD #4	780,869	0
Total Aging Cluster Passed through Lincoln Trail Area Development District			<u>916,245</u> *	<u>0</u>
Congregate Meals - Title III-D				
	93.043	LTADD #4	9,050	0
Passed through Community Action Kentucky				
Low-Income Home Energy Assistance	93.568	736 22000003098 LIHEAP -005	2,353,113	0
COVID-19 Low-Income Home Energy Assistance - ARPA	93.568	736 22000003098 LIHEAP -005	61,641	0
Low-Income Home Energy Assistance - IIJA	93.568	736 22000003098 LIHEAP -005	179,691	0
			<u>2,594,445</u> *	<u>0</u>
Passed through Kentucky Housing Corporation				
Weatherization - LiHeap	93.568	LH23-0602-02 LHWX-005	318,809	0
Total U.S. Department of Health and Human Services			<u>13,731,669</u>	<u>0</u>
<u>U.S. Department of Agriculture</u>				
Passed through Kentucky Department of Education:				
Child and Adult Care Food Program - Unaffiliated Centers	10.558	#11581	229,179	0
Child and Adult Care Food Program - Unaffiliated Centers	10.558	#11581	606,080	0
Child and Adult Care Food Program - Family Child Care Homes	10.558	#11030	55,095	0
Child and Adult Care Food Program - Family Child Care Homes	10.558	#11030	145,246	0
Child and Adult Care Food Program - Head Start	10.558	#11400	415,917	0
Total Child and Adult Care Food			<u>1,451,517</u>	<u>0</u>
Passed through Kentucky Cabinet for Health and Family Services				
Kentucky Works / SNAP E&T	10.561	PON2 2200001730	108,659	0
Passed through Lincoln Trail Area Development District				
USDA AKA NSIP	10.570	LTADD #4	78,914	0
Total U.S. Department of Agriculture			<u>1,639,090</u>	<u>0</u>
<u>U.S. Department of Transportation</u>				
Passed through Kentucky Department of Transportation:				
COVID-19 Section 5311(f) - Public Transportation - Capital - CARES	20.509	KY-2020-011-03	108,561	0
COVID-19 Section 5311(f) - Public Transportation - Capital - CARES	20.509	KY-2020-011-03	223,219	0
COVID-19 Section 5311 - Public Transportation - CARES	20.509	KY-2020-011-03	1,097,198	0
COVID-19 Section 5311 - Public Transportation - CARES	20.509	KY-2021-011-02	660,726	0
COVID-19 Section 5311(f) - Public Transportation - ARPA	20.509	KY-2021-018-00/KY-2021-018-01	90,633	0
DOT RTAP	20.509	KY-2021-033-03	12,019	0
Total Section 5311 / Formula Grants for Rural Areas Total			<u>2,192,356</u> *	<u>0</u>
Section 5310 - Capital Equipment	20.513	KY-2021-017-00	6,309	0
Total Kentucky Department of Transportation			<u>2,198,665</u>	<u>0</u>
<u>U.S. Department of Energy</u>				
Passed through Kentucky Housing Corporation				
Weatherization	81.042	BIL23-0602-02	104,048	0
Weatherization	81.042	WX23-0602-02 DOEWX-005	249,023	0
			<u>353,071</u>	<u>0</u>
<u>Other Passed through Funds</u>				
COVID-19 Emergency Food & Shelter - ARPA	97.024	Various # Phase 39 ARPA	123,201	0
Emergency Food & Shelter	97.024	Various # Phase 39	41,468	0
Emergency Food & Shelter	97.024	Various # Phase 40	20,353	0
Total Emergency Food & Shelter			<u>185,022</u>	<u>0</u>
Total Federal Financial Assistance			<u>18,107,517</u>	<u>0</u>

* Tested as major program

Central Kentucky Community Action Council, Inc.

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Central Kentucky Community Action Council, Inc. under programs of the federal government for the year ended June 30, 2023. 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 Central Kentucky Community Action Council, Inc., it is not intended to and does not present the financial position, change in net assets, or cash flows of Central Kentucky Community Action Council, Inc.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A0122, Cost Principles for Non-profit Organization, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – FEDERAL NON-CASH ASSISTANCE

Central Kentucky Community Action Council, Inc. received no federal non-cash assistance for the year ended June 30, 2023.

NOTE D – DE MINIMIS INDIRECT COST RATE

Central Kentucky Community Action Council, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Central Kentucky Community Action Council, Inc.
LiHeap Program
Delegate Agreement Number 5
Contract Number 736 22000003098 LIHEAP-005

Statement of Financial Position
June 30, 2023

Assets

Current Assets	
Cash	0
Accounts Receivable - June 30, 2022 Program Year	<u>0</u>
Total Assets	<u><u>0</u></u>

Liabilities and Net Assets

Current Liabilities	
Due to CAK	<u>0</u>
Net Assets - Unrestricted	<u>0</u>
Total Liabilities and Net Assets	<u><u>0</u></u>

Central Kentucky Community Action Council, Inc.
LiHeap Program
Delegate Agreement Number 5
Contract Number 736 22000003098 LIHEAP-005

Statement of Program Expenditures
Year Ended June 30, 2023

<u>Cost Category</u>	<u>LiHeap Expenses</u>	<u>LiWap Expenses</u>	<u>Total</u>
Administrative			
Salaries	142,599	5,404	148,003
Fringe Benefits	54,700	2,007	56,707
Travel	887	0	887
Postage	125	0	125
Supplies	8,931	0	8,931
Training	0	0	0
Miscellaneous	945	0	945
Indirect Costs	22,824	852	23,676
Total Administrative	231,011	8,263	239,274
Benefits: LiHeap			
Subsidy - Fall	414,801	0	414,801
Subsidy - Spring CAA Supplement	280,811	0	280,811
Subsidy - Summer Cooling	347,576	0	347,576
Summer Cooling Subsidy - IIIA	171,400	0	171,400
Crisis	952,968	0	952,968
Crisis - Summer Cooling	136,359	0	136,359
COVID-19 LiWap Subsidy	0	51,256	51,256
Total Benefits	2,303,915	51,256	2,355,171
Total Expenses	2,534,926	59,519	2,594,445
Less: Questioned Costs	0	0	0
Less: In-Kind Contributions	0	0	0
Total Allowable Expenses	2,534,926	59,519	2,594,445
Less: Contract Payments Received As of June 30, 2023	(2,534,926)	(59,519)	(2,594,445)
Under/(Over) Payment Due to Agency (CAK)	-	-	-

Central Kentucky Community Action Council, Inc.
 LiHeap Program
 Delegate Agreement Number 5
 Contract Number 736 22000003098 LIHEAP-005

Statement of Questioned Costs
 Year Ended June 30, 2023

<u>Cost Category</u>	<u>Actual</u>	<u>Questioned Cost</u>	<u>Balance</u>
Administrative			
Salaries	148,003	0	148,003
Fringe Benefits	56,707	0	56,707
Travel	887	0	887
Postage	125	0	125
Office Supplies	8,931	0	8,931
Training	-	0	-
Miscellaneous	945	0	945
Indirect Costs	<u>23,676</u>	<u>0</u>	<u>23,676</u>
Total Administrative	<u>239,274</u>	<u>0</u>	<u>239,274</u>
Benefit Cost			
Subsidy - Fall	414,801	0	414,801
Subsidy - Spring CAA Supplement	280,811	0	280,811
Subsidy - Summer Cooling	347,576	0	347,576
Summer Cooling Subsidy - IIJA	171,400	0	171,400
Crisis	952,968	0	952,968
Crisis - Summer Cooling	136,359	0	136,359
COVID-19 LiWap Subsidy	<u>51,256</u>	<u>0</u>	<u>51,256</u>
Total Benefits	<u>2,355,171</u>	<u>0</u>	<u>2,355,171</u>
Total	<u><u>2,594,445</u></u>	<u><u>0</u></u>	<u><u>2,594,445</u></u>

Central Kentucky Community Action Council, Inc.
 LiHeap Program
 Delegate Agreement Number 5
 Contract Number 736 22000003098 LIHEAP-005

Statement of Budget and Actual Expenses
 Year Ended June 30, 2023

<u>Cost Category</u>	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
Administrative			
Liheap	379,795	239,274	140,521
Benefit Cost			
Subsidy - Fall	817,677	414,801	402,876
Subsidy - Spring CAA Supplement	687,464	280,811	406,653
Subsidy - Summer Cooling	348,349	347,576	773
Summer Cooling Subsidy - IIJA	188,702	171,400	17,302
Crisis	1,723,447	952,968	770,479
Crisis - Summer Cooling	136,368	136,359	9
COVID-19 LiWap Subsidy	53,444	51,256	2,188
Total	<u>4,335,246</u>	<u>2,594,445</u>	<u>1,740,801</u>

Central Kentucky Community Action Council, Inc.
Community Services Block Grant
Contract Number PON2 736 2200001861

Statement of Financial Participation
Year Ended June 30, 2023

	CSBG	CSBG Scholarship	Total
<u>Obligated Fund</u>			
CSBG Financial			
Participation at 80% & 100% & 100%	857,114	4,000	861,114
Total Financial Participation	857,114	4,000	861,114
Less: Contract Payments Received	(857,114)	(4,000)	(861,114)
Less: Receivable Due from State	0	0	0
Total Obligated Funds	0	0	0
<u>Overpayment</u>			
Total Allowable Expenses	857,114	4,000	861,114
Less: Contract Payments Received	(857,114)	(4,000)	(861,114)
Less: Receivable Due from State	0	0	0
<u>CSBG Local Match Requirement</u>			
CSBG Allowable Expenses	857,114	4,000	861,114
Funding Level Restated at 100% (\$857,114 Multiplied by 120%)	1,027,337	0	1,027,337
Local Match Required at 20%	170,223	0	170,223
Less: Local Match Provided	(253,435)	0	(253,435)
Excess Local Match	(83,212)	0	(83,212)

Central Kentucky Community Action Council, Inc.
Community Services Block Grant
Contract Number PON2 736 2200001861

Statement of Allowable Expenses
Year Ended June 30, 2023

	<u>CSBG</u>	<u>CSBG Scholarship</u>	<u>Total</u>
<u>Expenses</u>			
Personnel	503,692	0	503,692
Travel	9,993	0	9,993
Equipment	68,430	0	68,430
Supplies	59,473	0	59,473
Contracts	19,212	0	19,212
Space Costs	96,396	0	96,396
Transportation	4,518	0	4,518
In-Kind Expenses	98,715	0	98,715
Indirect - Administrative	58,701	0	58,701
Other Expenses	<u>191,419</u>	<u>4,000</u>	<u>195,419</u>
Total Expenses	1,110,549	4,000	1,114,549
Less: Questioned Costs	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenses Adjusted	1,110,549	4,000	1,114,549
Less: In-Kind & Cash Contributions	<u>(253,435)</u>	<u>0</u>	<u>(253,435)</u>
Total Allowable Expenses	857,114	4,000	861,114
Less: Contract Payments Received	<u>(857,114)</u>	<u>(4,000)</u>	<u>(861,114)</u>
Under/(Over) Payment Due the Agency/CFC	<u>0</u>	<u>0</u>	<u>0</u>

Central Kentucky Community Action Council, Inc.
 Community Services Block Grant
 Contract Number PON2 736 2200001861

Statement of Obligated Fund Balance
 Year Ended June 30, 2023

	CSBG	CSBG Scholarship	Total
Beginning Obligated Fund Balance as of July 1, 2022	245,855	0	245,855
Less: Carryover Applied	0	0	0
	245,855	0	245,855
Total Financial Participation	857,114	4,000	861,114
Less: Total Allowable Expenses	(857,114)	(4,000)	(861,114)
Ending Obligated Fund Balance as of June 30, 2023	245,855	0	245,855

Central Kentucky Community Action Council, Inc.
Community Services Block Grant
Contract Number PON2 736 2200001861

Statement of Questioned Costs
Year Ended June 30, 2023

<u>Expenses</u>	<u>Total Actual</u>	<u>Questioned Costs</u>	<u>Balance</u>
Personnel	503,692	0	503,692
Travel	9,993	0	9,993
Equipment	68,430	0	68,430
Supplies	59,473	0	59,473
Contracts	19,212	0	19,212
Space Costs	96,396	0	96,396
Transportation	4,518	0	4,518
In-Kind Expenses	98,715	0	98,715
Indirect - Administrative	58,701	0	58,701
Other Expenses	195,419	0	195,419
Total CSBG Expenses	<u>1,114,549</u>	<u>0</u>	<u>1,114,549</u>

Central Kentucky Community Action Council, Inc.
Community Services Block Grant
Contract Number PON2 736 2200001861

Statement of Budget and Actual Expenses
Year Ended June 30, 2023

<u>Cost Category</u>	<u>Budget</u>	<u>Actual</u>	<u>Under(Over) Budget</u>
<u>CSBG Category</u>			
Personnel	555,087	503,692	51,395
Travel	25,300	9,993	15,307
Equipment	68,917	68,430	487
Supplies	84,773	59,473	25,300
Contracts	19,301	19,212	89
Space Costs	124,500	96,396	28,104
Transportation	3,000	4,518	(1,518)
Other	51,000	98,715	(47,715)
In-Kind Expenses	0	58,701	(58,701)
Indirect - Administrative	63,121	191,419	(128,298)
Total CSBG Expenses	<u>994,999</u>	<u>1,110,549</u>	<u>(115,550)</u>
<u>CSBG Scholarship Program</u>			
Scholarship	<u>8,000</u>	<u>4,000</u>	<u>4,000</u>
Total for All Programs	<u><u>1,002,999</u></u>	<u><u>1,114,549</u></u>	<u><u>(111,550)</u></u>

Central Kentucky Community Action Council, Inc.
Weatherization Assistance Program
Contract Number WX 23-0602-02 DOEWX005

Statement of Financial Position
June 30, 2023

Assets

Cash (Overdraft)	0
Contract Receivable	0
Material Inventory	<u>0</u>
Total Assets	<u><u>0</u></u>

Liabilities and Net Assets

Liabilities	
Due to Grantor Agency	<u>0</u>
Total Liabilities	0
Net Assets	<u>0</u>
Total Liabilities and Net Assets	<u><u>0</u></u>

Central Kentucky Community Action Council, Inc.
 Weatherization Assistance Program
 Contract Number WX 23-0602-02 DOEWX005
 DOE 7/01/22-06/30/23
 Statement of Program Expenses
 Year Ended June 30, 2023

<u>Expenses</u>	<u>7/01/22 to 6/30/2023</u>
Administration	39,283
Program Operations	168,190
Liability	2,866
Training	10,233
Health & Safety Labor	24,538
Audit	<u>3,913</u>
 Total Expenses	 249,023
 Questioned Costs	 <u>0</u>
 Total Allowable Expenses	 249,023
Less: Contract Payments Received	(249,023)
Less: Costs Paid by Council (non-federal)	<u>0</u>
Total	(249,023)
 Under/(Over) Payment Due the Agency/(CHR)	 <u><u>0</u></u>

Central Kentucky Community Action Council, Inc.
 Weatherization Assistance Program
 Contract Number WX 23-0602-02 DOEWX005
 DOE 7/01/22-06/30/23
 Statement of Questioned Costs
 Year Ended June 30, 2023

<u>Cost Category</u>	<u>7/01/22 to 6/30/2023 Actual</u>	<u>7/01/22 to 6/30/2023 Questioned Costs</u>	<u>Balance</u>
Administration	39,283	0	39,283
Program Operations	168,190	0	168,190
Liability	2,866	0	2,866
Training	10,233	0	10,233
Health & Safety Labor	24,538	0	24,538
Audit	<u>3,913</u>	<u>0</u>	<u>3,913</u>
Total	<u><u>249,023</u></u>	<u><u>0</u></u>	<u><u>249,023</u></u>

Explanation of Questioned Costs

None

Central Kentucky Community Action Council, Inc.
Weatherization Assistance Program
Contract Number WX 23-0602-02 DOEWX005
DOE 7/01/22-06/30/23
Statement of Budget and Actual Expenses
Year Ended June 30, 2023

<u>Cost Category</u>	<u>7/01/22 to 6/30/2023 Budget</u>	<u>7/01/22 to 6/30/2023 Actual</u>	<u>(Over) Under Budget</u>
Administration	101,682	39,283	62,399
Program Operations	6,661,699	97,518 *	6,564,181
Liability	12,500	2,866	9,634
Training	137,990	10,233	127,757
Health & Safety	31,516	24,538	6,978
Audit	3,913	3,913	0
Total	<u><u>6,949,300</u></u>	<u><u>178,351</u></u>	<u><u>6,770,949</u></u>

* Does not include \$7,171 of inventory at June 30, 2023.

Inventory 6/30/22	38,186
Plus: Materials Purchased	97,518
Less: Materials Installed	<u>(128,533)</u>
Inventory 06/30/23	<u><u>7,171</u></u>

Central Kentucky Community Action Council, Inc.
Weatherization LiHeap Assistance Program
Contract Number LH23-0602-02 LHWX-005

Statement of Financial Position
June 30, 2023

Assets

Cash (Overdraft)	0
Contract Receivable	0
Material Inventory	<u>0</u>
Total Assets	<u><u>0</u></u>

Liabilities and Net Assets

Liabilities

Due to Grantor Agency	<u>0</u>
Total Liabilities	0
Net Assets	<u>0</u>
Total Liabilities and Net Assets	<u><u>0</u></u>

Central Kentucky Community Action Council, Inc.
Weatherization LiHeap Assistance Program
Contract Number LH23-0602-02 LHWX-005
07/01/22-06/30/23
Statement of Program Expenses
Year Ended June 30, 2023

<u>Expenses</u>	<u>7/1/22 to 6/30/23</u>
Administration	20,536
Program Operations	267,496
Health & Safety	30,777
Audit	<u>0</u>
Total Expenses	318,809
Questioned Costs	<u>0</u>
Total Allowable Expenses	318,809
Less: Contract Payments Received	<u>(318,809)</u>
Under/(Over) Payment Due the Agency	<u><u>0</u></u>

Central Kentucky Community Action Council, Inc.
 Weatherization LiHeap Assistance Program
 Contract Number LH23-0602-02 LHWX-005
 7/01/22 - 6/30/23
 Statement of Questioned Costs
 Year Ended June 30, 2023

<u>Cost Category</u>	<u>7/01/22 to 6/30/2023 Actual</u>	<u>7/01/22 to 6/30/2023 Questioned Costs</u>	<u>Balance</u>
Administration	20,536	0	20,536
Program Operations	267,496	0	267,496
Health & Safety Labor	30,777	0	30,777
Audit	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u><u>318,809</u></u>	<u><u>0</u></u>	<u><u>318,809</u></u>

Explanation of Questioned Costs

None

Central Kentucky Community Action Council, Inc.
Weatherization LiHeap Assistance Program
Contract Number LH23-0602-02 LHWX-005
7/01/22 - 6/30/23
Statement of Budget and Actual Expenses
Year Ended June 30, 2023

<u>Cost Category</u>	<u>7/01/22 to 6/30/2023 Budget</u>	<u>7/01/22 to 6/30/2023 Actual</u>	<u>(Over) Under Budget</u>
Administration	26,187	20,536	5,651
Program Operations	305,920	267,496 *	38,424
Liability Insurance	3,121	0	3,121
Training	63,295	0	63,295
Health & Safety	45,888	30,777	15,111
WX Ready	25,034	0	25,034
Audit	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u><u>469,445</u></u>	<u><u>318,809</u></u>	<u><u>150,636</u></u>

* Does not include \$5,689 of inventory at June 30, 2023.

Inventory 6/30/22	5,226
Plus: Materials Purchased	267,496
Less: Materials Installed	<u>(267,033)</u>
Inventory 06/30/23	<u><u>5,689</u></u>

Central Kentucky Community Action Council, Inc.
Weatherization Assistance Program
Contract Number BIL23-0602-02

Statement of Financial Position
June 30, 2023

Assets

Cash (Overdraft)	0
Contract Receivable	0
Material Inventory	<u>0</u>
Total Assets	<u><u>0</u></u>

Liabilities and Net Assets

Liabilities	
Due to Grantor Agency	<u>0</u>
Total Liabilities	0
Net Assets	<u>0</u>
Total Liabilities and Net Assets	<u><u>0</u></u>

Central Kentucky Community Action Council, Inc.
 Weatherization Assistance Program
 Contract Number BIL23-0602-02
 DOE 7/01/22-06/30/23
 Statement of Program Expenses
 Year Ended June 30, 2023

<u>Expenses</u>	<u>7/01/22 to 6/30/2023</u>
Administration	27,109
Program Operations	70,767
Equipment	362
Health & Safety Labor	5,810
Audit	<u>0</u>
Total Expenses	104,048
Questioned Costs	<u>0</u>
Total Allowable Expenses	104,048
Less: Contract Payments Received	(104,048)
Less: Costs Paid by Council (non-federal)	<u>0</u>
Total	(104,048)
Under/(Over) Payment Due the Agency/(CHR)	<u><u>0</u></u>

Central Kentucky Community Action Council, Inc.
Weatherization Assistance Program
Contract Number BIL23-0602-02
DOE 7/01/22-06/30/23
Statement of Questioned Costs
Year Ended June 30, 2023

<u>Cost Category</u>	<u>7/01/22 to 6/30/2023 Actual</u>	<u>7/01/22 to 6/30/2023 Questioned Costs</u>	<u>Balance</u>
Administration	27,109	0	27,109
Program Operations	70,767	0	70,767
Equipment	362	0	362
Health & Safety Labor	5,810	0	5,810
Audit	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u><u>104,048</u></u>	<u><u>0</u></u>	<u><u>104,048</u></u>

Explanation of Questioned Costs

None

WHITE AND COMPANY, P.S.C.

**Certified Public Accountants
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(270) 692-2102
Fax (270) 692-2101**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

December 6, 2023

Board of Directors
Central Kentucky Community Action Council, 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 Central Kentucky Community Action Council, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 6, 2023 .

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Central Kentucky Community Action Council, Inc.'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 Central Kentucky Community Action Council, Inc.'s internal control. Accordingly, we do not express an opinion of the effectiveness of Central Kentucky Community Action Council, Inc.'s internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Kentucky Community Action Council, Inc.'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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,

White and Company, P.S.C.

Certified Public Accountants

WHITE AND COMPANY, P.S.C.
Certified Public Accountants
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Lebanon, Kentucky 40033
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Joseph A. Montgomery, CPA
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

December 6, 2023
Board of Directors
Central Kentucky Community Action Council, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Central Kentucky Community Action Council, Inc.'s 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 Central Kentucky Community Action Council Inc.'s major federal programs for the year ended June 30, 2023. Central Kentucky Community Action Council, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Central Kentucky Community Action Council, 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 June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs 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 Compliance section of our report.

We are required to be independent of Central Kentucky Community Action Council, Inc and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Central Kentucky Community Action Council, Inc'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 Central Kentucky Community Action Council, Inc'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 Central Kentucky Community Action Council, Inc's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Central Kentucky Community Action Council, Inc's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Central Kentucky Community Action Council, Inc'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 Central Kentucky Council Inc'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 Central Kentucky Community Action Council, Inc's internal control over compliance. According, 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 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 have not been 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.

Sincerely,

White and Company, P.S.C.

Certified Public Accountants

Central Kentucky Community Action Council, Inc.

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I – Summary of Auditors’ Results

Financial Statements:

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted: Yes No

Federal Awards:

Internal control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.575	Child Care Development Block Grant*
93.045/93.044	Special Programs for the Aging*
20.509	Formula Grants for Rural Areas*
93.568	Low-Income Home Energy Assistance*

* - Program includes COVID-19 funding

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

Auditee qualified as low-risk auditee? Yes No

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Central Kentucky Community Action Council, Inc.

Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2023

There were no prior year findings.

WHITE AND COMPANY, P.S.C.
Certified Public Accountants
219 South Proctor Knott Avenue
Lebanon, Kentucky 40033
(270) 692-2102
Fax (270) 692-2101

Charles M. White, CPA
Stephanie A. Abell, CPA

Email charles.white@whitecpas.com

December 6, 2023

Board of Directors
Central Kentucky Community Action Council, Inc.
332 Hood Ave
Lebanon, KY 40033

We have audited the financial statements of Central Kentucky Community Action Council, Inc. for the year ended June 30, 2023, and we will issue our report thereon dated December 6, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, (and, if applicable, *Government Auditing Standards*, and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 13, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Auditing Findings:

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting polices used by Central Kentucky Community Action Council, Inc. are described in Note A to the financial statements. As described in Note A, the Organization changed accounting policies related to leases by adopting FASB Accounting Standards Update (ASC) No. 842, Accounting for Leases, in 2023. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the depreciation is based on management's estimate of the useful lives of its assets. We evaluated the key factors and assumptions used to develop the estimated useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 6, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of Central Kentucky Community Action Council, Inc.'s Board of Directors and management of Central Kentucky Community Action Council, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

White and Company, P.S.C.

Certified Public Accountants

Central Kentucky Community Action Council, Inc.

Exit Conference

Subsequent to the conclusion of the audit, a final exit conference was held at the Agency's Central Office on December 11, 2023. Those in attendance were as follows:

Representatives of the Agency:

Hal B. Goode, Executive Director
Jami Sandusky, Chief Financial Officer
Jessica Miles, Certified Information Security Officer

Representatives of White and Company, P.S.C.:

Stephanie A. Abell, CPA
Charles M. White, CPA

The following matters were discussed at the exit conference:

- A. The format and content of the audit report draft.
- B. The Council's review and approval of the audit report.
- C. Representatives of the Council were notified that this report was subject to approval by the various funding agencies.