

Community Action Partnership of Sonoma County

Santa Rosa, California

Financial Statements and
Supplementary Information

Year Ended February 28, 2021



Community Action Partnership of Sonoma County

Financial Statements and Supplementary Information
Year Ended February 28, 2021

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Independent Auditor's Report

Board of Directors
Community Action Partnership of Sonoma County
Santa Rosa, California

Report on the Financial Statements

We have audited the accompanying financial statements of Community Action Partnership of Sonoma County, which comprise the statement of financial position as of February 28, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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; 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.

Auditor's 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 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 Community Action Partnership of Sonoma County as of February 28, 2021, 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.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules on pages 19 to 24, which includes the schedule of expenditures of federal awards on pages 19 and 20 as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis, and are 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. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole. The February 29, 2020 revenues and expenses included in the schedules of pages 21 and 22 were subjected to auditing procedures applied in the February 29, 2020 audit of the basic financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the February 29, 2020 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 29, 2021, on our consideration of Community Action Partnership of Sonoma County'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 Community Action Partnership of Sonoma County'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 Community Action Partnership of Sonoma County's internal control over financial reporting and compliance.



Wipfli LLP

December 29, 2021
Madison, Wisconsin

Community Action Partnership of Sonoma County

Statement of Financial Position

February 28, 2021

Assets

Current assets:

Cash and cash equivalents	\$ 2,362,140
Grants receivable	1,406,551
Accounts receivable	24,733
Prepaid expenses and other assets	161,513

Total current assets	3,954,937
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Non-current assets:

Restricted cash	100,000
Property and equipment, net	3,352,792

Total non-current assets	3,452,792
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TOTAL ASSETS	\$ 7,407,729
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Liabilities and Net Assets

Current liabilities:

Notes payable, current portion	\$ 53,485
Accounts payable	345,829
Accrued payroll and related liabilities	301,639
Accrued vacation	270,176
Refundable advances	613,309
Interest payable	709,758

Total current liabilities	2,294,196
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Long term liabilities:

Notes payable, net	3,599,959
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Total liabilities	5,894,155
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Net assets:

Net assets without donor restrictions	381,305
Net assets with donor restrictions	1,132,269

Total net assets	1,513,574
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TOTAL LIABILITIES AND NET ASSETS	\$ 7,407,729
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Community Action Partnership of Sonoma County

Statement of Activities

Year Ended February 28, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:			
Government contracts	\$ 9,088,641	\$ 0	\$ 9,088,641
Grant and contribution income	1,992,451	934,830	2,927,281
Contract revenue	173,184	0	173,184
Rental income	236,330	0	236,330
Program service income	19,364	0	19,364
Miscellaneous income	15,221	0	15,221
Interest income	2,201	0	2,201
In-kind	90,381	0	90,381
Debt forgiveness	2,272	0	2,272
Net assets released from restrictions	335,199	(335,199)	0
Total revenues and other support	11,955,244	599,631	12,554,875
Expenses:			
Program services:			
Housing program	457,237	0	457,237
Financial Stability	2,402,715	0	2,402,715
Head Start and Early Head Start	5,979,365	0	5,979,365
Health services program	214,514	0	214,514
School Readiness & Family Services	1,093,605	0	1,093,605
Emergency Disaster Relief	474,665	0	474,665
Other programs	584,172	0	584,172
Total program services	11,206,273	0	11,206,273
Supporting services:			
Mangement and general expenses	1,328,124	0	1,328,124
Fund-raising	81,187	0	81,187
Total supporting services	1,409,311	0	1,409,311
Total expenses	12,615,584	0	12,615,584
Changes in net assets	(660,340)	599,631	(60,709)
Net assets - Beginning of year, as previously reported	968,325	324,355	1,292,680
Prior period restatement	73,320	208,283	281,603
Net assets - Beginning of year, as restated	1,041,645	532,638	1,574,283
Net assets - End of the year	\$ 381,305	\$ 1,132,269	\$ 1,513,574

See accompanying notes to financial statements.

Community Action Partnership of Sonoma County

Statement of Functional Expenses
Year Ended February 28, 2021

	PROGRAM SERVICES				
	Housing	Financial Stability	Head Start and Early Head Start	Health Services	School Readiness & Family Services
Salaries	\$ 102,474	\$ 362,947	\$ 3,757,768	\$ 160,208	\$ 750,511
Fringe benefits	10,422	52,701	544,376	10,049	82,095
Payroll taxes	7,335	25,777	299,230	11,266	62,880
Worker's compensation	3,149	5,549	123,574	3,639	19,533
Occupancy	61,308	90,072	379,972	8,980	49,894
Supplies	6,947	10,570	160,894	3,888	37,165
Professional fees	4,764	16,060	52,257	1,461	7,740
Housing assistance and client fees	0	868,475	0	0	0
Emergency disaster relief assistance	2,493	285,699	0	0	0
Depreciation	118,850	0	(550)	0	0
Equipment	3,208	1,463	64,399	70	2,973
Telecommunication & network	15,666	43,377	410,842	11,904	50,824
Interest expense	79,712	0	0	0	0
Employee development	146	245	27,082	1,319	19,499
Insurance	11,677	4,785	52,039	1,027	3,955
Travel	46	142	6,035	53	1,981
Vehicle maint/repair	0	0	20,955	0	42
Building maint/repair	25,349	0	16,210	0	12
Conferences & meetings	0	0	6,963	650	1,470
Subrecipients	0	634,163	0	0	0
In-kind	120	0	55,421	0	0
Miscellaneous	3,571	690	1,898	0	3,031
TOTAL EXPENSES	\$ 457,237	\$ 2,402,715	\$ 5,979,365	\$ 214,514	\$ 1,093,605

Community Action Partnership of Sonoma County

Statement of Functional Expenses (Continued)

Year Ended February 28, 2021

	PROGRAM SERVICES			SUPPORTING SERVICES		Total Expenses
	Emergency Disaster Relief	Other Programs	Total Program Services	Management & General	Fundraising	
Salaries	\$ 78,620	\$ 276,433	\$ 5,488,961	\$ 765,346	\$ 51,809	\$ 6,306,116
Fringe benefits	6,721	30,513	736,877	83,184	6,493	826,554
Payroll taxes	7,627	30,089	444,204	60,158	3,978	508,340
Worker's compensation	793	4,291	160,528	(7,924)	288	152,892
Occupancy	1,062	52,581	643,869	54,090	5,210	703,169
Supplies	753	996	221,213	18,244	3,405	242,862
Professional fees	13,177	21,138	116,597	35,394	163	152,154
Housing assistance and client fees	189,396	86,277	1,144,148	0	0	1,144,148
Emergency disaster relief assistance	132,008	13,713	433,913	0	0	433,913
Depreciation	0	0	118,300	121,642	0	239,942
Equipment	0	3,453	75,566	23,573	0	99,139
Telecommunication & network	4,046	57,315	593,974	62,899	1,542	658,415
Interest expense	0	0	79,712	17,043	0	96,755
Employee development	1,208	0	49,499	139	85	49,723
Insurance	867	3,654	78,004	24,231	115	102,350
Travel	54	0	8,311	3,192	0	11,503
Vehicle maint/repair	0	0	20,997	1,963	0	22,960
Building maint/repair	0	605	42,176	1,320	0	43,496
Conferences & meetings	1,140	2,049	12,272	7,528	0	19,800
Subrecipients	35,887	0	670,050	0	0	670,050
In-kind	0	0	55,541	34,840	0	90,381
Miscellaneous	1,306	1,065	11,561	21,262	8,099	40,922
TOTAL EXPENSES	\$ 474,665	\$ 584,172	\$ 11,206,273	\$ 1,328,124	\$ 81,187	\$ 12,615,584

See accompanying notes to financial statements.

Community Action Partnership of Sonoma County

Statement of Cash Flows Year Ended February 28, 2021

Cash flows from operating activities:	
Changes in net assets	(\$ 60,709)
Adjustments to reconcile changes in net assets to net cash used in operating activities:	
Depreciation	239,942
Amortization of debt issuance costs	958
Loss on disposal of property	17,942
Debt principal forgiveness	(2,272)
Changes in operating assets and liabilities:	
Grants receivable	(582,977)
Accounts receivable	46,588
Prepaid expenses and other assets	(7,224)
Accounts payable	41,972
Accrued payroll and related liabilities	4,533
Accrued vacation	77,870
Refundable advances	(188,143)
Interest payable	43,480
Net cash used in operating activities	(368,040)
Cash flows from investing activities:	
Capital expenditures	(109,068)
Net cash used in investing activities	(109,068)
Cash flows from financing activities:	
Proceeds from note payable	1,492,537
Principal payments on notes payable	(44,538)
Net cash provided by financing activities	1,447,999
Changes in cash, cash equivalents and restricted cash	970,891
Cash, cash equivalents, and restricted cash - Beginning of year	1,491,249
Cash, cash equivalents and restricted cash - End of the year	\$ 2,462,140
Supplemental schedule of noncash investing and financing activity	
Equipment acquired and included in notes payable	\$ 40,000
Supplemental schedule of other cash activity:	
Cash paid for interest	\$ 54,116
Reconciliation of cash, cash equivalents, and restricted cash reported in the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flow:	
Cash and cash equivalents	\$ 2,362,140
Cash restricted for Lewis renovation	100,000
Cash and cash equivalents - End of the year	\$ 2,462,140

See accompanying notes to financial statements.

Community Action Partnership of Sonoma County

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Community Action Partnership of Sonoma County (CAPSC) is a dynamic multi-program human services organization dedicated to partnership with low-income families and individuals to help them achieve economic and social stability, to build community, and to advocate for social and economic justice. Created in 1966 with federal Economic Opportunity Act funds, CAPSC set about meeting its mission to assist low-income families and individuals who live in Sonoma County in achieving a quality of life based on self-sufficiency and the reduction of dependency through the following programs:

Housing and Financial Stability – To encourage self-sufficiency, as well as housing, family, and financial stability, the department offers education on financial capacity while providing temporary housing and financial assistance.

Disaster Relief – The Disaster Relief program was developed after the 2017 Tubbs Fire and has continued to assist the community through subsequent disasters and crises. Financial assistance is provided for rent, deposit, mortgage, essential needs, and uninsured or underinsured rebuilding costs associated with the fires.

Head Start/Early Head Start – Head Start/Early Head Start is a national child and family development program for low-income children ages birth to five years old and their families, funded by the United States Department of Health and Human Services. In addition to providing developmentally appropriate preschool experiences for young children, Head Start/Early Head Start partners with community agencies and resources to provide comprehensive services to these children and their families in areas such as social, health, dental, nutrition, mental health, and special education.

Health and Wellness – In order for Sonoma County to be the healthiest county in California, Health and Wellness provides access to medical and dental services in order to foster health equity.

Community Engagement and Youth Program – Provides opportunities for community and civic engagement amount low-income youth, families and residents in order to achieve academic, social, and economic success.

Education (School Readiness) Program – Provides learning opportunities for children and their families that will enhance their ability to achieve academic success and break the cycle of poverty.

Approximately 51% of CAPSC's total revenue is received under their federal Head Start grant.

Basis of Presentation

The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Classification of Net Assets

Net assets and revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of CAPSC and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of contribution.

Community Action Partnership of Sonoma County

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Classification of Net Assets (Continued)

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of CAPSC and/or the passage of time. Other donor-imposed stipulations are perpetual in nature, where the donor stipulates the resources to be maintained in perpetuity. Generally, the donors of these assets permit CAPSC to use all, or part of the income earned on any related investments for general or specific purposes. When a restriction expires, net assets with donor restrictions are transferred to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Use of Estimates

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

Revenue Recognition

Contributions

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identification of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Community Action Partnership of Sonoma County

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Grant revenue

Grant awards are either recorded as contributions or exchange transactions based on criteria contained in the grant award:

Grant Awards that are Contributions - Grant awards that are contributions are evaluated for conditions and recognized as revenue in accordance with ASC Topic 958-605 when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reflected as a refundable advance liability.

Grant Awards That Are Exchange Transactions - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized in accordance with ASC Topic 606 when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration in which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability. CAPSC does not have any grant awards that are exchange transactions.

Contract revenue

CAPSC has entered into annual contracts with the Roseland School District (RSD) to provide health services to students at RSD schools and its Charter School for grades K-6 and 7-12. The contract period runs from July to June. CAPSC recognizes revenue as it incurs expenditures related to the delivery of services to RSD students during the contract term. CAPSC invoices RSD on a quarterly basis for actual expenses incurred for work performed under the contracts. As CAPSC is paid based on expenses incurred, no refund liability is recorded at year end. Accounts receivable in the statement of financial position related to the RSD contracts was \$24,733 at February 28, 2021 and \$71,321 at February 29, 2020.

Rental income

Rental income is recognized as revenue when earned.

Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, cash and cash equivalents include cash on deposit with financial institutions and highly liquid debt instruments purchased with maturities of three months or less.

Cash that is considered as an investment of CAPSC is not included as part of cash and cash equivalents for the purpose of the statement of cash flows.

Accounts Receivable

Accounts receivable consists of amounts due related to health services provided for the Roseland School District. CAPSC analyzes the receivables for collectability and an allowance for doubtful accounts is recorded based on prior collection experience and specific customer attributes. CAPSC writes off a receivable against the allowance when all collection efforts have been exhausted. As of February 28, 2021, CAPSC has no allowance recorded for uncollectible amounts.

Community Action Partnership of Sonoma County

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fixed Assets

Fixed assets are stated at cost and depreciation is computed on the straight-line basis of accounting over the estimated useful lives of the assets. CAPSC considers fixed assets to be items with a cost of \$5,000 or more and a useful life of over one year.

Fixed assets acquired are owned by CAPSC while used in the programs for which they were purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the property and equipment purchased with grant funds; therefore, the disposition of buildings or equipment, as well as the ownership of any proceeds therefrom, are subject to funding source regulations. The net book value of fixed assets purchased with grant funds was \$688,235 at February 28, 2021.

In-Kind Contributions

CAPSC has recorded in-kind contributions for supplies and professional services on the statements of activities and statements of functional expenses in accordance with a financial accounting standard that requires that only contributions of service received that create or enhance a nonfinancial asset or required specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. CAPSC received nonprofessional volunteer services during the year ended February 28, 2021, with a value of approximately \$14,200, primarily for its Head Start and Early Head Start programs, which are not recorded in the statements of activities or statements of functional expenses.

Debt Issuance Costs

Debt issuance costs are being amortized to interest expense over the maximum term provided in the debt agreement using the straight-line method which approximates the effective interest method. Unamortized financing fees have been recorded as a reduction to the related debt obligation.

Income Taxes

CAPSC is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It also has been granted tax exempt status by the California Franchise Tax Board under section 23701(d).

CAPSC is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. CAPSC has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

Functional Allocation of Costs

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel costs are allocated based on time and effort reporting. Occupancy and related costs are allocated based on square footage.

Community Action Partnership of Sonoma County

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Change in Accounting Policies

In 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The amendments in this ASU, along with numerous clarifications and modifications, require an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration in which the entity expects to be entitled in exchange for those goods or services. CAPSC adopted this guidance effective as of March 1, 2020 and applied Topic 606 on a modified retrospective basis. There was no change in opening balance of net assets and no prior period results were restated.

New Accounting Pronouncements

In 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. ASU No. 2016-02 must be applied modified retrospectively. On June 30, 2020, the FASB issued ASU 2020-05 that extended the effective date for certain entities to annual periods beginning after December 15, 2021. CAPSC is currently evaluating the impact of the provisions of ASU Topic 842.

Subsequent Events

Subsequent events have been evaluated through December 29, 2021, which is the date the financial statements were available to be issued.

Note 2: Prior Period Restatement

The statement of activities has been restated to correct for a misclassification of unconditional contributions as refundable advances. Accounting standards require that unconditional contribution be recorded as net assets with or without donor restrictions depending on the existence and nature of any donor restrictions. CAPSC determined there were contributions without barrier(s) to entitlement and should have recorded the revenue in the period the contribution was received. Correcting this error reduced refundable advances by \$281,603 at February 29, 2020. The effect on the restatement on the change in net assets with donor restrictions and net assets without donor restrictions for the year ended February 29, 2020 would have been an increase of \$208,283 and \$73,320, respectively.

Note 3: Concentration of Credit Risk

CAPSC maintains cash and cash equivalents and restricted deposit balances at two financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times during the year, balances in these accounts may exceed the insurance limits. Management believes the financial institutions have strong credit ratings and credit risk related to these deposits is minimal.

Community Action Partnership of Sonoma County

Notes to Financial Statements

Note 4: Liquidity and Availability

As of February 28, 2021, CAPSC has approximately \$1,375,000 in financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. The amount of restrictions on financial assets, including the portion of net assets with donor restrictions that is included in cash and cash equivalents, were subtracted from total financial assets to determine the amount of available financial assets. CAPSC does not have a formal liquidity policy but generally maintains financial assets in liquid form such as cash and cash equivalents. CAPSC can rely on a lower cash balance as it is primarily funded with cost reimbursement grants. Under cost reimbursement grants, once expenses are incurred, an organization can request reimbursement from the funding source. CAPSC has grant commitments for future expenses of approximately \$2,246,000 as of February 28, 2021. CAPSC also has a \$300,000 line of credit available that could be drawn on (see Note 12).

Note 5: Grants Receivable

The balance as of February 28, 2021 consists of amounts due from various agencies as follows:

U.S. DHHS – Head Start and Early Head Start	\$ 821,417
California Community Services and Development – CSBG grant	164,412
First 5 Sonoma County	90,162
Sonoma County Community Development Commission	65,081
Santa Rosa City School	52,500
City of Santa Rosa	19,340
HCA	56,000
Office of Child Abuse Prevention	32,656
United Way	18,812
Other	86,171
Total	\$ 1,406,551

Note 6: Fixed Assets

Fixed assets consist of the following at February 28, 2021:

Land	\$ 554,706
Buildings and improvements	5,027,257
Leasehold improvements	1,058,450
Furniture and equipment	88,282
Vehicle	378,172
Construction in progress	40,000
Subtotals	7,146,867
Less - Accumulated depreciation	(3,794,075)
Fixed assets - Net	\$ 3,352,792

CAPSC is in the process of renovating its Lewis County site. Renovation costs to date, which have been included in construction in process are \$40,000 as of February 28, 2021. CAPSC expects the additional costs to complete the project will be approximately \$63,000.

Community Action Partnership of Sonoma County

Notes to Financial Statements

Note 7: Refundable Advances

Refundable advances represent grant funds received in excess of grant expenses for the following funding sources:

CSBG CARES	\$	54,433
Emergency Disaster Relief		113,253
HS-EHS Program (local funding)		103,697
Housing		37,041
School Readiness and Family Services		38,679
Indirect cost charges due to funding sources		253,477
Other		12,729
Total	\$	613,309

Note 8: Notes Payable

CAPSC has the following mortgages payable as of February 28, 2021:

In August 2008, CAPSC obtained a note payable in the amount of \$365,047 with Exchange Bank, which is collateralized by property at Starr Rd. In March 2020, CAPSC refinanced the loan to obtain an interest rate of 4.5%. The note is payable in monthly installments of \$1,685 through February 2027 with a balloon payment due at maturity of \$253,713. The note includes a prepayment fee.

\$ 302,113

In August 2008, CAPSC obtained a note payable in the amount of \$84,953 with Exchange Bank, which is collateralized by property at Starr Rd. In March 2020, CAPSC refinanced the loan to obtain an interest rate of 4.5%. The note is payable in monthly installments of \$396 through February 2027 with a balloon payment due at maturity of \$59,336. The note includes a prepayment fee.

70,589

In May 2003, CAPSC obtained a note payable in the amount of \$280,000 with Luther Burbank Savings, which is collateralized by property at Earle St. The note bears an interest rate at 6.00%. The note is payable in monthly installments of \$1,679 through October 2029. The note includes a prepayment fee.

134,882

In April 2000, CAPSC obtained a \$147,000 with Luther Burbank Savings, which is collateralized by property at Giffen Ave. The loan has an annual interest rate of 8.83%, with monthly payments of principal and interest in the amount of \$1,165 and matures April 2030. The note includes a prepayment fee.

87,111

In March 2006, CAPSC obtained a note payable in the amount of \$545,000 with WestAmerica Bank, which is collateralized by property located on Aston Ave. The note bears an interest rate at 5.5%. The note is payable in monthly installments of \$3,413 through August 2030. The note includes a prepayment fee.

300,575

In December 2019, CAPSC received a loan in the amount of \$103,712 from the Housing Authority of the City of Santa Rosa (HASR) to renovate the property at Giffen Ave. CAPSC has only drawn \$40,000 of the loan as of February 28, 2021. The interest rate of 3% is accrued in annual installments of interest only through January 2075, with a final payment of principal and accrued interest due at that time.

40,000

Community Action Partnership of Sonoma County

Notes to Financial Statements

Note 8: Notes Payable (Continued)

In December 1998, CAPSC purchased a property on Earle St. To finance the purchase, CAPSC obtained a note payable in the amount of \$175,000 with the HASR, which is collateralized by property at Earle St. In May 1999, the promissory note was revised to include an additional \$37,456. The interest rate of 3% is accrued in annual installments of interest only through May 2029 with a final payment of principal and accrued interest due at that date. If the project has a cash surplus, 75% of the surplus cash is to be applied to the note.	212,456
In September 1998, CAPSC obtained a \$143,886 loan from the HASR, collateralized by property located on Giffen Ave. The interest rate of 3% is accrued in annual installments of interest only through March 2030, with a final payment of principal and accrued interest due at that time. If the project has a cash surplus, 51% of the surplus cash is to be applied to the note.	143,886
In January 2000, CAPSC obtained a \$143,343 note from Sonoma County Community Development, collateralized by property located on Giffen Ave. The interest rate of 3% is accrued annually through January 2075, with a final payment of principal and accrued interest due at that date.	143,343
In April 1987, CAPSC obtained a \$23,700 note from the HASR, collateralized by property located on Aston Ave. The annual interest rate of 3% was accrued annually through June 1, 1992 when a final payment of principal and accrued interest was due. Prior to the maturity date, this note was renegotiated, and the new maturity date is due February 2035.	23,700
In March 2005, CAPSC obtained a \$145,458 note from the HASR, collateralized by property located on Aston Ave. The annual interest rate of 3% is accrued annually through February 2035, with a final payment of principal and accrued interest due at that time.	145,458
In December 2002, CAPSC obtained a \$427,897 note collateralized by property located on Aston Ave. The funds for the note came from two sources: \$311,416 received from HOME-CHDO funds was for predevelopment and development costs of 10 new apartment units for transitional housing, \$111,000 from CDBG funds was for the purchase price of the property, \$5,481 received from HOME-CHDO funds was a conversion of a grant in 1994 by the HASR to a loan secured by the deed of trust when CAPSC acquired the title to real property. The annual interest rate of 3% is accrued annually through December 2032, with a final payment of principal and accrued interest due at that date. If the project has a cash surplus, 75% of the surplus cash is to be applied to the note.	427,897
In June 2007, CAPSC obtained a \$130,174 note from the HASR, collateralized by property located on Aston Avenue. The annual interest rate of 3% is accrued annually through June 2037, with a final payment of principal and accrued interest due at that date. If the project has cash surplus, 75% of the surplus cash is to be applied to the note.	130,174

Community Action Partnership of Sonoma County

Notes to Financial Statements

Note 8: Notes Payable (Continued)

In April 2000, CAPSC obtained a loan of \$1,492,538 under the payroll protection program (PPP) from Exchange Bank. The interest rate of 1% accrues annually on the unforgiven portion of the loan from the date of initial disbursement. CAPSC has applied for forgiveness of \$829,460 of the PPP loan proceeds relating to expenses management determined met the qualification requirements for forgiveness and is waiting to receive notification from Exchange Bank. Once CAPSC is notified of the forgiveness, it must begin making monthly payments of \$83,932, consisting of principal and interest, for the unforgiven portion of the loan. The loan matures May 2022.

	1,492,538
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<u>Total notes payable</u>	<u>\$ 3,654,722</u>
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Long-term notes payable net of debt issuance costs are as follows:

Total notes payable	\$ 3,654,722
Unamortized debt issuance costs	(1,278)
<u>Current portion</u>	<u>(53,485)</u>

<u>Long-term notes payable</u>	<u>\$ 3,599,959</u>
--------------------------------	---------------------

Future maturities are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 53,485
2023	1,549,076
2024	59,776
2025	63,211
2026	66,855
Thereafter	1,862,319
<u>Total</u>	<u>\$ 3,654,722</u>

Note 9: Net Assets With Donor Restrictions

Net assets with donor restrictions, which have either purpose or time restrictions, are as follows as of February 28, 2021:

Health services	\$ 52,382
Emergency Disaster Relief	801,598
HS-EHS Program (local funding)	53,910
Housing	25,257
School Readiness and Family Services	131,881
<u>Other</u>	<u>67,241</u>
<u>Total</u>	<u>\$ 1,132,269</u>

Net assets of \$335,199 were released from donor restrictions by incurring expenses, satisfying the restricted purpose specified by the donor.

Community Action Partnership of Sonoma County

Notes to Financial Statements

Note 10: Operating Lease Agreements

As Lessee

CAPSC leases various facilities for the operation of its programs. Operating lease payments were \$514,829 for the year ended February 28, 2021. Future minimum lease payments beyond February 28, 2021, are as follows:

2022	\$ 437,777
2023	409,526
2024	67,670
<u>Total</u>	<u>\$ 914,973</u>

As Lessor

CAPSC operates low-income transitional housing projects. Leases are for one year or less. Rental income from operating leases was \$236,330 for the year ended February 28, 2021. A summary of the acquisition costs and accumulated depreciation on the rental properties at February 28, 2021, is as follows:

Land	\$ 304,706
Buildings and improvements	2,841,706
Construction in progress	40,000
Subtotals	3,186,412
<u>Less - Accumulated depreciation</u>	<u>(1,571,289)</u>
<u>Land, building and improvements, and construction in progress - Net</u>	<u>\$ 1,615,123</u>

Note 11: Employee Retirement Plan

CAPSC has an Internal Revenue Code Section 401(k) salary deferred and profit-sharing plan covering all of its employees who are at least 21 years old, have completed one year of service and have worked at least 1,000 hours during the 12-months immediately following their date of hire or during any plan year beginning after their date of hire. CAPSC may make discretionary matching and profit-sharing contributions to the plan. Employer contributions charged to expense for the year ended February 28, 2021 was \$155,227.

Note 12: Line of Credit

CAPSC had a \$300,000 revolving line of credit with a bank. The fee is \$750 annually, with interest payable monthly on the outstanding balance at a variable interest rate, currently at 0%, expiring July 1, 2021. No funds were borrowed on the line of credit as of February 28, 2021.

Note 13: Grant Awards

At February 28, 2021, CAPSC had commitments under various grants of approximately \$2,246,000. These commitments are not recognized in the accompanying financial statements as they are conditional awards.

Community Action Partnership of Sonoma County

Notes to Financial Statements

Note 14: Commitments and Contingencies

CAPSC participates in federally assisted and state grant programs. These programs are subject to program compliance audits by the grantors and their representatives. Any disallowed costs may constitute a liability of CAPSC. CAPSC believes that they are in substantial compliance with all grant requirements. Disallowed costs, if any, would not be significant.

Supplementary Information

Community Action Partnership of Sonoma County

Schedule of Expenditures of Federal Awards Year Ended February 28, 2021

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Assistance Listing	Pass-Through Entity Identifying	Passed-Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Passed Through California State Department of Education				
Child Care Food Program	10.558	49-1781-0	0	\$ 13,343
Total Federal Expenditures - CFDA #10.558			0	13,343
U.S. Department of Housing and Urban Development				
Passed Through Sonoma County Community Development Commission				
COVID 19 - Community Development Block Grants (Entitlement Grants Cluster)	14.218	N/A	35,887	47,431
Total Federal Expenditures CDBG - Entitlement Grants Cluster - CFDA #14.218			35,887	47,431
U.S. Department of Treasury				
Passed Through United Way Wine Country				
Volunteer Income Tax Assistance	21.009	N/A	0	14,302
Volunteer Income Tax Assistance	21.009	N/A	0	18,812
Total Federal Expenditures - CFDA #21.009			0	33,114
Passed Through Sonoma County Community Development Commission				
COVID 19 - Coronavirus Relief Fund	21.019	N/A	634,163	1,029,071
Total Federal Expenditures - CFDA #21.019			634,163	1,029,071
U.S. Department of Health and Human Services				
Direct				
Head Start Cluster				
Head Start and Early Head Start	93.600	N/A	0	6,414,531
COVID 19 - Head Start and Early Head Start	93.600	N/A	0	345,199
Total Federal Expenditures Head Start Cluster - CFDA #93.600			0	6,759,730

Community Action Partnership of Sonoma County

Schedule of Expenditures of Federal Awards (Continued)

Year Ended February 28, 2021

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Assistance Listing	Pass-Through Entity Identifying	Passed-Through to Subrecipients	Federal Expenditures
Department of Health and Human Services (Continued)				
Passed Through California Department of Community Services and Development				
Community Services Block Grant	93.569	19F-4448	0	12,492
Community Services Block Grant	93.569	20F-3046	0	295,433
Community Services Block Grant	93.569	21F-4046	0	65,006
COVID 19 - Community Services Block Grant	93.569	20F-3685	0	244,299
Total Federal Expenditures - CFDA #93.569			0	617,230
Passed Through California Department of Social Services				
Your Money Your Goals	93.669	EE-S-18-20	0	61,853
Total Federal Expenditures - CFDA #93.669			0	61,853
TOTAL FEDERAL EXPENDITURES			\$ 670,050	\$ 8,561,772

Note 1 - Summary of Significant Accounting Policies

Expenditures reported on the schedule of expenditures of federal awards (the "Schedule") are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 2 - Indirect Cost Rate

Community Action Partnership of Sonoma County has not elected to use the 10-percent de minimis indirect cost rate. Community Action Partnership of Sonoma County has an indirect rate that has been approved by the U.S. Department of Health and Human Services (DHHS).

Note 3 - Basis of Presentation

The accompanying Schedule includes the federal award activity of Community Action Partnership of Sonoma County under programs of the federal government for the year ended February 28, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Community Action Partnership of Sonoma County, it is not intended to and does not present the financial position, changes in net assets or cash flows of Community Action Partnership of Sonoma County.

Community Action Partnership of Sonoma County

Supplemental Statement of Revenue and Expenditures

Contract #19F-4448 - CSBG DISC

For the Period June 1, 2019 through May 31, 2020

	06/01/2019 - 02/29/2020	03/01/2020 - 05/31/2020	Total Audited Costs	Total Reported Expenses	Total Grant Budget
REVENUE					
Grant revenue	\$ 17,508	\$ 12,492	\$ 30,000		\$ 30,000
Total revenue	\$ 17,508	\$ 12,492	\$ 30,000		\$ 30,000
EXPENDITURES					
Program:					
Salaries and wages	\$ 13,145	\$ 8,695	\$ 21,840	\$ 21,840	\$ 21,840
Fringe benefits	2,079	2,205	4,284	4,284	4,284
Other	2,284	1,592	3,876	3,876	3,876
Total program costs	17,508	12,492	30,000	30,000	30,000
Total costs	\$ 17,508	\$ 12,492	\$ 30,000	\$ 30,000	\$ 30,000

Community Action Partnership of Sonoma County

Supplemental Statement of Revenue and Expenditures

Contract #20F-3046 - CSBG ADMIN

For the Period January 1, 2020 through February 28, 2021

	01/01/2020 - 02/29/2020	03/01/2020 - 02/28/2021	Total Audited Costs	Total Reported Expenses	Total Grant Budget
REVENUE					
Grant revenue	\$ 151,423	\$ 295,433	\$ 446,856		\$ 462,550
Total revenue	\$ 151,423	\$ 295,433	\$ 446,856		\$ 462,550
EXPENDITURES					
Administrative:					
Salaries and wages	\$ 15,541	\$ 53,895	\$ 69,436	\$ 69,436	\$ 67,246
Fringe benefits	1,982	12,794	14,776	14,776	14,888
Operating expenses	1,513	28,268	29,781	29,781	32,625
Equipment	0	9,000	9,000	9,000	9,000
Out of state travel	3,425	0	3,425	3,425	3,425
Contract/consultant services	0	8,686	8,686	8,686	8,686
Other costs	4,220	23,360	27,580	27,580	27,529
Total administrative costs	26,681	136,003	162,684	162,684	163,399
Program:					
Salaries and wages	21,194	96,883	118,077	118,077	117,376
Fringe benefits	3,679	18,295	21,974	21,974	21,635
Operating expenses	82,948	28,281	111,229	111,229	123,176
Out of state travel	0	0	0	0	0
Other costs	16,921	15,971	32,892	32,892	36,964
Total program costs	124,742	159,430	284,172	284,172	299,151
Total costs	\$ 151,423	\$ 295,433	\$ 446,856	\$ 446,856	\$ 462,550

Community Action Partnership of Sonoma County

Supplemental Statement of Revenue and Expenditures

Contract #21F-4046 - CSBG ADMIN

For the Period January 1, 2021 through February 28, 2021

	01/01/2021 - 02/29/2021	Total Audited Costs	Total Reported Expenses	Total Grant Budget
REVENUE				
Grant revenue	\$ 65,006	\$ 65,006		\$ 462,550
Total revenue	\$ 65,006	\$ 65,006		\$ 462,550
EXPENDITURES				
Administrative:				
Salaries and wages	\$ 15,767	\$ 15,767	\$ 15,767	\$ 84,275
Fringe benefits	2,131	2,131	2,131	21,261
Operating expenses	25	25	25	26,700
Out of state travel	1,900	1,900	1,900	6,000
Other costs	4,379	4,379	4,379	28,262
Total administrative costs	24,202	24,202	24,202	166,498
Program:				
Salaries and wages	21,239	21,239	21,239	161,493
Fringe benefits	3,439	3,439	3,439	40,743
Operating expenses	12,541	12,541	41	52,200
Out of state travel	0	0	0	3,000
Other	3,585	3,585	3,585	38,616
Total program costs	40,804	40,804	28,304	296,052
Total costs	\$ 65,006	\$ 65,006	\$ 52,506	\$ 462,550

Community Action Partnership of Sonoma County

Supplemental Statement of Revenue and Expenditures

Contract #20F-3685 - COVID-19 CSBG

For the Period March 27, 2020 through February 28, 2021

	03/27/2020 - 02/29/2021	Total Audited Costs	Total Reported Expenses	Total Grant Budget
REVENUE				
Grant revenue	\$ 244,299	\$ 244,299		\$ 627,307
Total revenue	\$ 244,299	\$ 244,299		\$ 627,307
EXPENDITURES				
Administrative:				
Operating expenses	\$ 12,903	\$ 12,903	\$ 7,860	\$ 25,260
Contract/consultant services	7,925	7,925	7,925	36,000
Other costs	3,124	3,124	2,368	9,230
Total administrative costs	23,952	23,952	18,153	70,490
Program:				
Salaries and wages	54,923	54,923	2,675	245,284
Fringe benefits	21,132	21,132	606	53,963
Operating expenses	126,069	126,069	126,069	175,000
Equipment	0	0	0	10,000
Other	18,223	18,223	19,402	72,570
Total program costs	220,347	220,347	148,752	556,817
Total costs	\$ 244,299	\$ 244,299	\$ 166,905	\$ 627,307

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Board of Directors
Community Action Partnership of Sonoma County
Santa Rosa, California

We have audited, in accordance with the auditing standards generally accepted in the United States 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 Community Action Partnership of Sonoma County (a nonprofit organization), which comprise the statement of financial position as of February 28, 2021, and the related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Action Partnership of Sonoma County'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 Community Action Partnership of Sonoma County's internal control. Accordingly, we do not express an opinion on the effectiveness of Community Action Partnership of Sonoma County'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, as described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Action Partnership of Sonoma County'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*.

Management's Response to Finding

Community Action Partnership of Sonoma County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Community Action Partnership of Sonoma County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Community Action Partnership of Sonoma County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Action Partnership of Sonoma County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Wipfli LLP

December 29, 2021
Madison, Wisconsin

Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance

Board of Directors
Community Action Partnership of Sonoma County
Santa Rosa, California

Report on Compliance for Each Major Federal Program

We have audited Community Action Partnership of Sonoma County’s compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Community Action Partnership of Sonoma County’s major federal programs for the year ended February 28, 2021. Community Action Partnership of Sonoma County’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility for Compliance

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Community Action Partnership of Sonoma County’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; 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 Community Action Partnership of Sonoma County’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 Community Action Partnership of Sonoma County’s compliance.

Opinion on Each Major Federal Program

In our opinion, Community Action Partnership of Sonoma County 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 February 28, 2021.

Report on Internal Control Over Compliance

Management of Community Action Partnership of Sonoma County 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 Community Action Partnership of Sonoma County'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 Community Action Partnership of Sonoma County'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant 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.



Wipfli LLP

December 29, 2021
Madison, Wisconsin

Community Action Partnership of Sonoma County

Schedule of Findings and Questioned Costs
Year Ended February 28, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued?	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported

Type of auditor's report issued on compliance for major program	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]?	No
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Identification of major federal programs:

<u>Name of Federal Major Programs or Cluster</u>	<u>CFDA #</u>
Coronavirus Relief Fund	21.019
Head Start Cluster	93.600

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
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Auditee qualified as low-risk auditee?	No
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CAPSC was not determined to be a low-risk auditee as the 2019 data collection form was not filed within the 9-month deadline due to an oversight. The audit was completed timely for 2020.

Community Action Partnership of Sonoma County

Schedule of Findings and Questioned Costs
Year Ended February 28, 2021

Section II - Financial Statement Findings

Finding 2021-001: Recognition of Donor Conditions and Restrictions

Condition – It was noted that CAPSC was not performing an assessment on whether contributions received included a barrier(s) to entitlement and was recognizing all contributions as a refundable advance. CAPSC would move a contribution from refundable advance to contribution revenue as a corresponding expense for the program was incurred. Accounting standards require that unconditional contribution be recorded as net assets with or without donor restrictions depending on the existence and nature of any donor restrictions. CAPSC determined there were contributions without barrier(s) to entitlement and should have recorded the revenue in the period the contribution was received. Wipfli proposed and management posted an adjusting journal entry to decrease refundable advances and increase net assets by \$281,603 as of February 29, 2020.

Criteria – Federal Regulation 2 CFR 200.302(4) requires that an organization have...*Effective control over, and accountability for, all funds, property, and other assets.*

Cause – CAPSC did not perform an assessment on the contributions received to determine whether amounts received included a barrier(s) to entitlement.

Effect – As a result of not performing an assessment on contributions received, resulting in a prior period adjustment, a significant deficiency exists in internal controls over financial reporting.

Recommendation – We recommend management carefully evaluate all contributions and grants for proper accounting and recognition of revenue.

View of Responsible Officials

Management agrees with the finding and has prepared and is implementing a corrective action plan.

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Status of Prior Year Audit Findings

None