

Miami Valley Community Action Partnership and Affiliates

Consolidated Financial Statements and Supplemental Information

December 31, 2023 and 2022

with Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

Board of Directors of
Miami Valley Community Action Partnership and Affiliates
Dayton, Ohio

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Miami Valley Community Action Partnership (a nonprofit organization) and Affiliates, which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Miami Valley Community Action Partnership and Affiliates as of December 31, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated 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 consolidated 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 consolidated 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 Miami Valley Community Action Partnership and Affiliates' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Miami Valley Community Action Partnership and Affiliates' 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 audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules and 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*, are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated August 27, 2024, on our consideration of Miami Valley Community Action Partnership and Affiliates' 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 Miami Valley Community Action Partnership and Affiliates' 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 Miami Valley Community Action Partnership and Affiliates' internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
August 27, 2024

Miami Valley Community Action Partnership and Affiliates
Consolidated Statements of Financial Position
December 31, 2023 and 2022

Assets		
	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents	\$ 5,225,811	2,276,308
Accounts receivable	420,403	519,620
Grants receivable	1,613,588	687,920
Weatherization inventory	123,378	117,169
Prepaid expenses	175,005	255,457
	<u>7,558,185</u>	<u>3,856,474</u>
Long-term assets:		
Restricted cash	950,266	1,024,691
Accounts receivable, affiliate	-	150,080
Other assets	200	122,127
Operating lease right-of-use asset	680,454	781,701
Loans and interest receivable-related parties, net	1,891,716	1,891,716
	<u>3,522,636</u>	<u>3,970,315</u>
Property and equipment, net	<u>9,568,955</u>	<u>9,816,643</u>
Total assets	\$ <u>20,649,776</u>	<u>17,643,432</u>
Liabilities and Net Assets		
Current liabilities:		
Mortgages and notes payable, current portion	\$ 72,477	69,025
Accounts payable	827,167	864,457
Accrued payroll and associated liabilities	720,491	804,833
Accrued interest	10,897	11,648
Security deposits	79,790	79,299
Operating lease liability, current portion	279,455	271,708
Grant funds received in advance	5,037,739	2,180,197
	<u>7,028,016</u>	<u>4,281,167</u>
Long-term liabilities:		
Mortgages and notes payable, long-term portion	6,337,533	6,409,707
Unamortized debt issuance costs	(309,581)	(321,487)
Housing loans payable	2,441,716	2,441,716
Operating lease liability, long-term portion	400,999	509,993
Liability for pension benefits	824,178	1,053,677
	<u>9,694,845</u>	<u>10,093,606</u>
Total liabilities	<u>16,722,861</u>	<u>14,374,773</u>
Net assets:		
Without donor restrictions	3,888,618	3,230,362
With donor restrictions	38,297	38,297
Total net assets	<u>3,926,915</u>	<u>3,268,659</u>
Total liabilities and net assets	\$ <u>20,649,776</u>	<u>17,643,432</u>

See accompanying notes to the consolidated financial statements.

Miami Valley Community Action Partnership and Affiliates
Consolidated Statement of Activities
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and other support:			
Grants and contract revenue	\$ 2,331,303	16,979,171	19,310,474
Interest income	230,332	33,781	264,113
Program contributions	53,829	-	53,829
Other income	656,433	-	656,433
Rental income	1,108,774	-	1,108,774
In-kind contributions	3,567	-	3,567
Net assets released from restrictions	<u>17,012,952</u>	<u>(17,012,952)</u>	<u>-</u>
Total revenue, gains, and other support	<u>21,397,190</u>	<u>-</u>	<u>21,397,190</u>
Program activities:			
Energy assistance	10,795,933	-	10,795,933
Housing assistance	564,422	-	564,422
Housing partnerships	1,130,806	-	1,130,806
Transportation programs	60,456	-	60,456
Community service programs	5,189,327	-	5,189,327
Other	<u>384,020</u>	<u>-</u>	<u>384,020</u>
Total program activities	<u>18,124,964</u>	<u>-</u>	<u>18,124,964</u>
Support services:			
Fundraising	172,304	-	172,304
Management and general	<u>2,671,165</u>	<u>-</u>	<u>2,671,165</u>
Total support services	<u>2,843,469</u>	<u>-</u>	<u>2,843,469</u>
Total expenses	<u>20,968,433</u>	<u>-</u>	<u>20,968,433</u>
Change in net assets before non-operating income (expenses)	428,757	-	428,757
Non-operating income (expenses):			
Pension related charges other than net periodic pension cost	<u>229,499</u>	<u>-</u>	<u>229,499</u>
Change in net assets	658,256	-	658,256
Net assets, beginning of year	<u>3,230,362</u>	<u>38,297</u>	<u>3,268,659</u>
Net assets, end of year	<u>\$ 3,888,618</u>	<u>38,297</u>	<u>3,926,915</u>

See accompanying notes to the consolidated financial statements.

Miami Valley Community Action Partnership and Affiliates
Consolidated Statement of Activities (Continued)
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and other support:			
Grants and contract revenue	\$ 2,353,609	21,084,731	23,438,340
Interest income	225,325	3,835	229,160
Program contributions	31,471	198	31,669
Other income	350,586	-	350,586
Rental income	1,107,130	-	1,107,130
In-kind contributions	18,805	-	18,805
Net assets released from restrictions	<u>21,088,764</u>	<u>(21,088,764)</u>	<u>-</u>
Total revenue, gains, and other support	<u>25,175,690</u>	<u>-</u>	<u>25,175,690</u>
Program activities:			
Energy Assistance	10,279,949	-	10,279,949
Housing assistance	328,621	-	328,621
Housing partnerships	1,222,710	-	1,222,710
Transportation programs	136,629	-	136,629
Community service programs	10,774,883	-	10,774,883
Other	<u>880,313</u>	<u>-</u>	<u>880,313</u>
Total program activities	<u>23,623,105</u>	<u>-</u>	<u>23,623,105</u>
Support services:			
Fundraising	166,236	-	166,236
Management and general	<u>2,390,276</u>	<u>-</u>	<u>2,390,276</u>
Total support services	<u>2,556,512</u>	<u>-</u>	<u>2,556,512</u>
Total expenses	<u>26,179,617</u>	<u>-</u>	<u>26,179,617</u>
Change in net assets	(1,003,927)	-	(1,003,927)
Net assets, beginning of year	<u>4,234,289</u>	<u>38,297</u>	<u>4,272,586</u>
Net assets, end of year	<u>\$ 3,230,362</u>	<u>38,297</u>	<u>3,268,659</u>

See accompanying notes to the consolidated financial statements.

Miami Valley Community Action Partnership and Affiliates
Consolidated Statements of Functional Expenses
Years Ended December 31, 2023 and 2022

	Program	Management and General	Fundraising	2023 Total
Personnel	\$ 4,500,439	1,179,578	77,095	5,757,112
Fringe benefits	1,322,471	349,391	15,393	1,687,255
Consultants and contract labor	331,986	268,251	22,646	622,883
Travel	535	3,795	286	4,616
Space and utilities	965,681	118,475	7,743	1,091,899
Consumable supplies	131,584	90,690	6,336	228,610
Equipment and maintenance	601,117	294,887	22,723	918,727
Weatherization materials	894,546	-	-	894,546
Assistance to individuals	7,668,730	-	-	7,668,730
Allowance for housing loans	224,459	-	-	224,459
Other costs	1,069,806	184,929	20,082	1,274,817
Depreciation	410,043	180,668	-	590,711
In-kind expenses	3,567	501	-	4,068
Total expenses	\$ <u>18,124,964</u>	<u>2,671,165</u>	<u>172,304</u>	<u>20,968,433</u>

	Program	Management and General	Fundraising	2022 Total
Personnel	\$ 4,620,325	1,003,215	80,758	5,704,298
Fringe benefits	1,142,596	373,248	18,318	1,534,162
Consultants and contract labor	975,572	320,807	25,825	1,322,204
Travel	4,425	6,306	508	11,239
Space and utilities	989,257	4,860	391	994,508
Consumable supplies	136,662	164,838	13,269	314,769
Equipment and maintenance	944,825	150,354	12,103	1,107,282
Weatherization materials	866,762	-	-	866,762
Assistance to individuals	12,086,403	-	-	12,086,403
Allowance for housing loans	219,524	-	-	219,524
Other costs	1,210,102	187,139	15,064	1,412,305
Depreciation	407,847	179,509	-	587,356
In-kind expenses	18,805	-	-	18,805
Total expenses	\$ <u>23,623,105</u>	<u>2,390,276</u>	<u>166,236</u>	<u>26,179,617</u>

See accompanying notes to the consolidated financial statements.

Miami Valley Community Action Partnership and Affiliates
Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 658,256	(1,003,927)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	590,711	587,356
Gain on disposal of assets	(29,689)	(48,460)
Provision for uncollectible loans receivable, net of collections	224,459	219,524
Interest income on affiliated loans receivable	(224,459)	(219,524)
Effects of changes in operating assets and liabilities:		
Accounts receivable and accounts receivable, affiliate	249,297	(265,878)
Grants receivable	(925,668)	41,856
Weatherization inventory	(6,209)	14,497
Prepaid expenses	80,452	(124,890)
Other assets	121,927	261,257
Accounts payable	(37,290)	(222,511)
Accrued payroll and related expenses	(84,342)	208,234
Accrued interest	(751)	-
Security deposit liability	491	897
Pension liability	(229,499)	-
Deferred revenue	-	(2,500)
Grant funds received in advance	<u>2,857,542</u>	<u>153,382</u>
Net cash from operating activities	<u>3,245,228</u>	<u>(400,687)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(331,117)	(261,017)
Proceeds from sales of assets	<u>29,689</u>	<u>69,183</u>
Net cash from investing activities	<u>(301,428)</u>	<u>(191,834)</u>
Cash flows from financing activities:		
Principal payments on mortgages payable and notes payable	<u>(68,722)</u>	<u>(65,432)</u>
Net change in cash and cash equivalents and restricted cash	2,875,078	(657,953)
Cash and cash equivalents and restricted cash, beginning of year	<u>3,300,999</u>	<u>3,958,952</u>
Cash and cash equivalents and restricted cash, end of year	\$ <u><u>6,176,077</u></u>	<u><u>3,300,999</u></u>
Reconciliation of cash and cash equivalents and restricted cash within the Consolidated Statements of Financial Position		
Cash and cash equivalents	\$ 5,225,811	2,276,308
Restricted cash	<u>950,266</u>	<u>1,024,691</u>
Cash and cash equivalents and restricted cash shown in the Consolidated Statements of Cash flows	\$ <u><u>6,176,077</u></u>	<u><u>3,300,999</u></u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ <u><u>147,923</u></u>	<u><u>152,055</u></u>
Assets disposed	\$ <u><u>217,259</u></u>	<u><u>329,922</u></u>
Accumulated depreciation	\$ <u><u>(217,259)</u></u>	<u><u>(309,199)</u></u>
Property and equipment included in accounts payable	\$ <u><u>5,200</u></u>	<u><u>3,488</u></u>

See accompanying notes to the consolidated financial statements.

1. ORGANIZATION:

Miami Valley Community Action Partnership (MVCAP or the Organization) was organized as a nonprofit corporation in 1965. MVCAP was formed to develop and provide resources for the purpose of assisting low-income individuals through a variety of programs and is primarily supported through federal and state government grants. The Home Energy Assistance Program (HEAP) and Home Weatherization Assistance Program (HWAP) are approximately 52% and 39% of MVCAP's grant revenue in 2023 and 2022, respectively. The Community Service Block Grant Program (CSBG) is approximately 12% and 10% of MVCAP's grant revenue in 2023 and 2022, respectively. In addition, the Emergency Rental Assistance Program is approximately 12% and 36% of MVCAP's grant revenue in 2023 and 2022, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Principles of consolidation

The consolidated financial statements include the accounts of MVCAP's wholly and majority owned subsidiaries and the accounts of entities for which MVCAP is considered to exercise significant control. All significant intercompany transactions and balances have been eliminated in the consolidation. The consolidated financial statements include the accounts of the following subsidiaries at December 31, 2023 and 2022:

Greenville Manor Limited Partnership was formed in November 1997, under the laws of the State of Ohio, for the purpose of constructing and operating a 60-unit low-income housing project located in Greenville, Ohio. MVCAP has controlling ownership in this partnership as it is owed 99.9% by MVCAP, Limited Partner, and .1% by Preble County Housing Partners, Inc., General Partner, one of MVCAP's wholly owned corporations.

Preble County Limited Partnership was formed in October 1996, under the laws of the State of Ohio, for the purpose of constructing and operating a 32-unit low-income housing project located in Eaton, Ohio. MVCAP has controlling ownership in this partnership as it is owed 99% by MVCAP, Limited Partner, and 1% by Preble County Housing Partners, Inc., General Partner, one of MVCAP's wholly owned corporations.

Community Market Partners QALICB, LLC was formed in December 2019, under the laws of the State of Ohio, for the purpose of obtaining new market tax credits (NMTC) to help finance the construction of a cooperatively owned grocery store known as the Gem City Market. The NMTC transaction required the formation of the company as a Qualified Active Low-Income Community Business (QALICB) which holds the assets associated with the transaction.

Greenville Housing Partners, Ltd. (dba Fox Run Limited Partnership) was formed in March 2003, under the laws of the State of Ohio, for the purpose of constructing and operating a 60-unit low-income housing project located in Greenville, Ohio. MVCAP has controlling ownership in this partnership as it is owed 99% by MVCAP, Limited Partner, and 1% by Darke County Housing Partners I, Inc., General Partner, one of MVCAP's wholly owned corporations.

Principles of consolidation (continued)

Corporations which maintain ownership in affordable housing projects - the consolidated financial statements also include the accounts of the following entities for which MVCAP is considered to exercise significant control. MVCAP has determined that the limited partner in the partnerships listed below have substantive participation rights provided in the partnership agreements that overcomes the presumption that MVCAP must consolidated the partnership.

Darke County Housing Partners I, Inc., a wholly owned corporation of MVCAP, is the 0.1% general partner of Greenville Housing Partners, Ltd (dba Fox Run Limited Partnership).

Greene Housing Partners I, Inc., a wholly owned corporation of MVCAP, is the 0.005% general partner of Jamestown Place Limited Partnership.

Greene Housing Partners II, Inc., a wholly owned corporation of MVCAP, is the 0.051% general partner of Landmark Village Associates Limited Partnership. On October 11, 2021, the corporation transferred its interest in Landmark Village Associates Limited Partnership to an unrelated third party.

Miami County Housing Partners I, Inc., a wholly owned corporation of MVCAP, is the 0.051% general partner of New McKinley Commons Limited Partnership.

Preble County Housing Partners, Inc., a wholly owned corporation of MVCAP, is the general partner of Greenville Manor Limited Partnership (0.1%) and Preble County Apartments Limited Partnership, LLC (1%).

Montgomery County Housing IV, Inc., a wholly owned corporation of MVCAP, is the 0.025% co-general partner of Dayton View Associates, L.P.

MVCAP-Austin Commons, Inc., a wholly owned corporation of MVCAP, is the 0.051% co-general partner of Austin Commons Limited Partnership.

The corporations listed are general partners in real estate limited partnerships which own multifamily rental and scattered site projects for low-income residents. As of December 31, 2023 and 2022, MVCAP had investments in five operating real estate entities with a total of 137 housing units, respectively. MVCAP, Greenville Manor Limited Partnership, Preble County Limited Partnership, Community Market Partners QALICB, LLC, Greenville Housing Partners, Ltd. and the Corporations, which maintain ownership in affordable housing projects, are collectively referred to as "the Organization".

Basis of accounting

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

Use of estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates are used in preparing the consolidated financial statements, including the Organization's estimated share of the underfunded pension plan liability from its participation in the multiple employer defined benefit plan (see Note 14), the present value of the operating lease liability (see Note 16) and the allowance for credit losses on the notes receivable, related party (see Note 8).

New accounting standards

The Organization adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurements of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Organization adopted this guidance on January 1, 2023, utilizing the modified retrospective method. The adoption of this standard did not have a material impact on the Organization's consolidated financial statements and did not change how the allowance for credit losses is determined.

Basis of presentation

GAAP requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.
- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions that are likely to be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenue recognition

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 identifying 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 to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been 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 consolidated statements of activities as net assets released from restrictions.

Revenue recognition (continued)

In-kind contributions are recorded at fair value and represent donated materials, space and services that create or enhance nonfinancial assets or require specialized skills.

Grant Awards That Are Contributions

Grants that qualify as contributions are recorded as invoiced to the funding sources in accordance with the terms of the award and Accounting Standards Codification (ASC) Topic 605. Revenue is recognized in the accounting period when the related expenses are incurred. Amounts received or receivable in excess of expenses are reflected as a grant funds received in advance.

Grant Awards That Are Exchange Transactions

Exchange transactions are reimbursed based on a predetermined rate for services performed in accordance with the terms of the award and ASC Topic 606. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to 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. The Organization has no grant awards that are exchange transactions.

Contracts with customers

The Organization recognized revenue from exchange transactions from contracts with customers for transportation fees and management of housing projects. Transportation services revenue is recognized at the time of service an individual engages in the service. Management fees are recognized monthly based on the number of units occupied by tenants in the housing project.

Rental Income

Tenant rent represents income received for use of affordable housing property owned by the MVCAP, Greenville Manor Limited Partnership, Preble County Limited Partnership and Greenville Housing Partners, Ltd. This income is recognized in the period in which it is earned.

Interest Income

Interest income is recognized in the accounting period when it is received. MVCAP maintains funds received from various sources in an interest-bearing checking account. The portion of interest earned greater than \$500 on advances of direct federal funds is remitted to the Department of Health and Human Services Payment Management System in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The interest earned on other funds is included in without donor restrictions funds and is used to support Agency programs.

Functional expense allocation and joint costs

Joint costs are allocated to benefiting programs using various allocation methods, depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of all organization programs, which cannot be readily identified with a final cost objective.

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting function of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses allocated on a square footage basis include space, utilities and equipment and maintenance. Expenses allocated on a time and effort basis include personnel and fringe benefits. All other expenses are allocated on a full-time equivalent's basis.

Cash and cash equivalents

Cash and cash equivalents consist of cash in operating bank accounts, sweep account and short-term certificates of deposit.

Restricted cash

Miami Valley Community Action Partnership and Affiliates have excluded balances from cash which are restricted by U.S. Department of Housing and Urban Development (HUD), United States Department of Agriculture (RD), loan documents or disclosed separately based on industry practice. Restricted cash has been established in amounts considered by the Organization to be adequate and in accordance with the Partnership and Regulatory Agreements. Additionally, in accordance with terms of the NMTC transaction, the Organization was required to establish and maintain several cash accounts which hold funds for specific construction and compliance obligations.

Grants and accounts receivable

Accounts receivable consist primarily of amounts billed under performance contracts. Grants receivable represent amounts to be reimbursed by grant funding for costs already incurred. Amounts are reviewed for collectability by management and an allowance for credit losses is recorded as needed based on collection history and customer attributes. The Organization considers these receivables to be collectible and, therefore, no allowance for credit losses has been recorded. If amounts become uncollectible, they will be charged to operations when that determination is made.

Weatherization inventory

Weatherization inventory is stated at the lower of cost, determined by the first-in, first-out (FIFO) method, or market.

Loans/interest receivable – related parties

MVCAP has received grant awards from the State of Ohio for housing development. The Organization has loaned these funds to various affiliated limited partnerships (see Note 8). The Organization assesses the collectability of these loans based on the financial condition of the affiliates. For the years ended December 31, 2023 and 2022, the Organization has elected to record an allowance for credit losses of \$2,820,954 and \$2,596,495, respectively, due to the uncertain collectability of these balances. Credit loss expense was \$224,459 and \$219,524 for the years ended December 31, 2023 and 2022, respectively.

Property and equipment

Property and equipment are capitalized at cost when purchased and at fair value when donated. Depreciation is provided using the straight-line method over the estimated useful life of the asset. The Organization considers property and equipment to be items with a cost of \$5,000 or more and a useful life of over one year.

Property and equipment purchased with grant funds are owned by the Organization while used in the program 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. Their disposition, as well as the ownership of any related proceeds is subject to funding source regulations and could result in disposition proceeds being refunded to the original funder.

In-kind contributions

In-kind contributions for space, supplies, and professional services are recorded in the consolidated statements of activities as revenue and expenses in the period they are received. During the year ended December 31, 2023 and 2022, the Organization received \$3,567 and \$18,805, respectively, of such contributions. Nonprofessional volunteer services are not reported in the consolidated statements of activities.

Leases

The Organization leases buildings and equipment. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statement of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate when it is readily determinable. Since most of the Organization's leases do not provide an implicit rate, to determine the present value of lease payments, management uses the risk-free rate based on the information available at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. the Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain the option will be exercised.

Unamortized debt Issuance costs

Loan closing costs in connection with financing agreements are being amortized over the life of the related loans.

Income taxes

Miami Valley Community Action Partnership is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization's reporting returns are subject to audit by federal and state taxing authorities. No income tax provision has been included in the consolidated financial statements as the Organization has determined it does not have unrelated business income subject to taxation.

Greenville Manor Limited Partnership, Preble County Limited Partnership, and Greenville Housing Partners, Ltd. are separate entities for tax purposes and taxed as partnerships. No provision or benefits for income taxes have been included in these consolidated financial statements since income passes through to the partners of the respective partnerships. Community Market Partners QALICB, LLC is a single member LLC owned by MVCAP. The activity will be included on MVCAP's tax return.

The wholly owned affiliates are corporations that are subject to income taxes. The activity of the corporations are reported separately for tax purposes.

Measure of operations

The Organization includes in its measure of operations all revenue and expenses that are integral to its programs and supporting activities and net assets released from donor restrictions to support operating expenditures. The measure of operations includes support for operating activities from net assets with donor restrictions. The measure of operations excludes pension related charges other than net periodic pension costs.

Subsequent events

The Organization evaluates events and transactions occurring subsequent to the date of the consolidated financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying consolidated financial statements consider events through August 27, 2024, the date which the financial statements were available to be issued.

3. CONCENTRATION OF CREDIT RISK:

The Organization maintains cash balances at several banks. Balances in the bank accounts are insured by Federal Deposit Insurance Corporation (FDIC) coverage up to \$250,000. At times during the year, balances in the banks may exceed insurance limits. Management believes the financial institutions have strong credit ratings and credit risk related to these deposits is minimal.

4. GRANTS RECEIVABLE:

The grants receivable balance as of December 31, 2023 and 2022, represents amounts due from various funding sources as follows:

	<u>2023</u>	<u>2022</u>
Federal programs	\$ 1,232,335	677,787
State and local programs	<u>381,253</u>	<u>10,133</u>
Total	<u>\$ 1,613,588</u>	<u>687,920</u>

5. RESTRICTED CASH:

Restricted cash included the following accounts at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
QALICB fee reserve	\$ 87,417	120,889
RD fee reserve	6,640	6,575
Tenant security deposits	79,790	70,279
Operating reserves	177,067	193,898
Replacement reserves	552,736	597,385
Tax and insurance escrows	46,616	35,665
Restricted cash	<u>\$ 950,266</u>	<u>1,024,691</u>

6. PROPERTY AND EQUIPMENT:

A summary of property and equipment as of December 31, 2023 and 2022, is as follows:

	<u>2023</u>	<u>2022</u>
Land	\$ 1,081,833	1,081,833
Buildings	11,827,506	11,627,358
Equipment	2,004,816	2,089,354
	14,914,155	14,798,545
Accumulated depreciation	<u>(5,345,200)</u>	<u>(4,981,902)</u>
Property and equipment, net	<u>\$ 9,568,955</u>	<u>9,816,643</u>

7. INVESTMENT IN LIMITED PARTNERSHIPS:

Investments in limited partnerships are recorded under the equity method of accounting. These investments are initially recorded at cost and adjusted upward or downward for the proportionate share of the limited partnerships' earnings or losses. Equity method of accounting was suspended in 2017 to prevent the investment in subsidiaries falling below zero. The cumulative negative investment in limited partnerships was \$5,333 and \$4,675 at December 31, 2023 and 2022, respectively.

7. INVESTMENT IN LIMITED PARTNERSHIPS (CONTINUED):

A summary of the balance sheets for the investment in limited partnerships that are actively managed as of December 31, 2023 and 2022, respectively, is as follows:

	<u>2023</u>	<u>2022</u>
Total assets	\$ 19,182,542	7,476,734
Liabilities and partners' equity:		
Total liabilities	18,581,496	10,668,716
Total partners' equity	601,046	(3,191,982)
Total liabilities and partners' equity	\$ 19,182,542	7,476,734
Net rental income	\$ 1,194,883	1,122,255
Rental real estate expenses	2,808,812	2,112,142
Net real estate loss	(1,613,929)	(989,887)
Other income	19,290	19,112
Net loss	\$ (1,594,639)	(970,775)
MVCAP share of net loss	\$ (658)	(362)

MVCAP's carrying value of its investment in unconsolidated tax credit projects differs from its share of the equity reported in the balance sheets of the unconsolidated partnerships based on the capital contributions required in the individual partnership agreements that are not in proportion to the partners' ownership percentages. Therefore, MVCAP reviews its investment in tax credit projects for impairment by considering whether declines in the fair values of those investments, versus carrying values, may be other than temporary in nature.

8. LOANS AND INTEREST RECEIVABLE – RELATED PARTIES, NET:

As of December 31, 2023, the Organization had the following outstanding receivable balances with related parties:

	<u>Loans Receivable</u>	<u>Interest Receivable</u>
New Manorview Apartments Limited Partnership, interest computed at 6.00% compounded annually, due December 2044. Collateralized by real estate.	\$ 550,000	854,392
Jamestown Place Limited Partnership, interest computed at 5% compounded semiannually, due September 2048. Collateralized by real estate.	191,000	326,164
New McKinley Commons Limited Partnership, interest computed at 4.94% compounded annually, due December 2042. Collateralized by real estate.	550,000	736,670

8. LOANS AND INTEREST RECEIVABLE – RELATED PARTIES, NET (CONTINUED):

	<u>Loans Receivable</u>	<u>Interest Receivable</u>
Dayton View Associates Limited Partnership, interest computed at 4.58% compounded annually, due December 2042. Collateralized by real estate for Dayton View Commons.	300,358	451,360
Dayton View Associates Limited Partnership, interest computed at 4.58% compounded annually, due December 2042. Collateralized by real estate for Dayton View Senior Village.	<u>300,358</u>	<u>452,368</u>
	1,891,716	2,820,954
Allowance for credit losses	<u>-</u>	<u>(2,820,954)</u>
Loans and interest receivable, net	\$ <u>1,891,716</u>	<u>-</u>

As of December 31, 2022, the Organization had the following outstanding receivable balances with related parties:

	<u>Loans Receivable</u>	<u>Interest Receivable</u>
New Manorview Apartments Limited Partnership, interest computed at 6.00% compounded annually, due December 2044. Collateralized by real estate.	\$ 550,000	782,265
Jamestown Place Limited Partnership, interest computed at 5% compounded semiannually, due September 2048. Collateralized by real estate.	191,000	301,181
New McKinley Commons Limited Partnership, interest computed at 4.94% compounded annually, due December 2042. Collateralized by real estate.	550,000	674,947
Dayton View Associates Limited Partnership, interest computed at 4.58% compounded annually, due December 2042. Collateralized by real estate for Dayton View Commons.	300,358	418,548
Dayton View Associates Limited Partnership, interest computed at 4.58% compounded annually, due December 2042. Collateralized by real estate for Dayton View Senior Village.	<u>300,358</u>	<u>419,554</u>
	1,891,716	2,596,495
Allowance for credit losses	<u>-</u>	<u>(2,596,495)</u>
Loans and interest receivable, net	\$ <u>1,891,716</u>	<u>-</u>

8. LOANS AND INTEREST RECEIVABLE – RELATED PARTIES, NET (CONTINUED):

All of the loans receivable listed above are from related parties and are considered in the related party loan class for evaluation purposes. The Organization regularly evaluates various attributes of loans to determine the appropriateness of the allowance for loan loss. The Organization's related party class of loans is generally evaluated based on whether the loan is performing according to the contractual terms of the loan or not and the financial condition of the partnership. The Organization has not identified any loans that are nonperforming. The amount of interest income recognized on the related party loans during the year ended December 31, 2023 and 2022 was \$224,459 and \$219,254 of which an allowance of \$224,459 and \$219,254 was also recorded due to the uncertainty of collection.

9. MORTGAGES AND NOTES PAYABLE:

A construction loan payable is held by Huntington National Bank at a rate of 5.49% per annum and payable in 180 installments of \$669. All remaining principal and interest is due on the maturity date of December 21, 2035. The loan is collateralized by the real estate. (MVCAP)

A mortgage is held by Huntington National Bank at a rate of 3.99% per annum and payable in 119 installments of \$992. All remaining principal and interest is due on the maturity date of June 15, 2030. The mortgage is collateralized by the real estate and assignment of rents and security. (Preble County)

A mortgage is held by Huntington National Bank at a rate of 3.99% per annum and payable in 119 installments of \$4,120. All remaining principal and interest is due on the maturity date of June 15, 2030. The mortgage is collateralized by the real estate and assignment of rents and security. (Greenville Manor)

A mortgage is held by PNC Bank and serviced by Midland Loan Services, Inc. totaling \$1,300,000 and bearing interest at a rate of 6.98% per annum and payable in 457 installments of \$8,060. All remaining principal and interest is due on the maturity date of June 1, 2045. The USDA Rural Development ("RD"), under the Section 538, Guaranteed Rural Rental Housing Program, has guaranteed 90% of the loan totaling \$1,170,000 of the original principal balance. The mortgage is collateralized by the real estate and assignment of rents and security. (Fox Run)

Community Market Partners QALICB, LLC

A note payable to Dayton Region New Market Fund K, LLC, bears interest at 1.00%. The outstanding principal balance was \$2,024,000 as of December 31, 2023 and 2022, respectively. Quarterly interest-only payments were due beginning March 1, 2020. Beginning June 1, 2027, Community Market Partners QALICB, LLC is required to make quarterly payments of principal and interest equal to \$24,986. All outstanding principal and interest is due on the maturity date of January 28, 2050.

A note payable to Dayton Region New Market Fund K, LLC, bears interest at 1.00%. The outstanding principal balance was \$1,856,000 as of December 31, 2023 and 2022, respectively. Quarterly interest-only payments were due beginning March 1, 2020. Beginning June 1, 2027, Community Market Partners QALICB, LLC is required to make quarterly payments of principal and interest equal to \$22,829. All outstanding principal and interest is due on the maturity date of January 28, 2050.

9. MORTGAGES AND NOTES PAYABLE (CONTINUED):

A note payable to PNC CDE 100, LLC, bears interest at 1.00%. The outstanding principal balance was \$668,500 as of December 31, 2023 and 2022, respectively. Quarterly interest-only payments were due beginning March 1, 2020. Beginning June 1, 2027, Community Market Partners QALICB, LLC is required to make quarterly payments of principal and interest equal to \$8,223. All outstanding principal and interest is due on the maturity date of January 28, 2050.

A note payable to PNC CDE 100, LLC, bears interest at 1.00%. The outstanding principal balance was \$331,500 as of December 31, 2023 and 2022, respectively. Quarterly interest-only payments were due beginning March 1, 2020. Beginning June 1, 2027, Community Market Partners QALICB, LLC is required to make quarterly payments of principal and interest equal to \$4,078. All outstanding principal and interest is due on the maturity date of January 28, 2050.

Mortgage and notes payable consist of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Huntington National Bank (MVCAP)	\$ 70,613	74,588
Huntington National Bank (Preble County)	67,937	76,897
Huntington National Bank (Greenville Manor)	282,154	319,364
PNC Bank (Fox Run)	1,109,306	1,127,883
Dayton Region New Market Fund K, LLC	2,024,000	2,024,000
Dayton Region New Market Fund K, LLC	1,856,000	1,856,000
PNC CDE 100, LLC	668,500	668,500
PNC CDE 100, LLC	331,500	331,500
	<u>\$ 6,410,010</u>	<u>6,478,732</u>

The aggregate maturities of the mortgage and notes payable are as follows for the year ended December 31, 2023:

2024	\$ 72,477
2025	76,115
2026	79,950
2027	83,993
2028	88,258
Thereafter	6,009,217
	<u>\$ 6,410,010</u>

10. LINE OF CREDIT

The Organization has a \$200,000 revolving line of credit that bears interest at 8.50%. The balance outstanding as of December 31, 2023 and 2022 was \$0 and \$0, respectively. The line is collateralized by accounts receivable and other business assets.

11. HOUSING LOANS PAYABLE:

MVCAP has received funding awards from the Ohio Housing Finance Agency (OHFA) to provide loans to low-income tax credit partnerships. These loans are repayable to OHFA as funds are repaid to MVCAP. Principal and interest is forgivable by OHFA if maintained as safe, decent and sanitary housing.

Housing loans payable consist of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Housing loan payable to OHFA, with principal and 2% interest payable based on cash flows in excess of \$10,000 from Greenville Housing Partners Ltd. (d/b/a Fox Run Limited Partnership). Final maturity is December 31, 2037.	\$ 550,000	550,000
Housing loan payable to OHFA, with principal and 2% interest payable based on cash flows in excess of \$10,000 from New McKinley Commons Limited Partnership. Final maturity is December 2042.	550,000	550,000
Housing loan payable to OHFA, with principal and 2% interest payable based on cash flows in excess of \$10,000 from New Manorview Limited Partnership. Final maturity is September 2037.	550,000	550,000
Housing loan payable to OHFA, with principal and 2% interest payable due from Dayton View Associates Limited Partnership. Final maturity is April 2043.	300,358	300,358
Housing loan payable to OHFA, with principal and 2% interest payable due from Dayton View Associates Limited Partnership. Final maturity is April 2043.	300,358	300,358
Housing loan payable to OHFA, with principal and 2% interest payable based on cash flows in excess of \$10,000 from Jamestown Place Limited Partnership. Final maturity is September 2048.	<u>191,000</u>	<u>191,000</u>
	2,441,716	2,441,716
Current portion	<u>-</u>	<u>-</u>
Long-term portion	<u>\$ 2,441,716</u>	<u>2,441,716</u>

There are no future maturities due in the next five years. The Organization has placed the housing loans payable on nonaccrual status as payments are contingent based on cash flow of the low-income tax credit housing projects.

12. NEW MARKETS TAX CREDIT TRANSACTION:

On January 28, 2020, MVCAP closed on a new market tax credits (NMTC) transaction to finance the construction of a 15,800 square foot facility to be used as a grocery store, community room, teaching kitchen and a community health clinic. The NMTC transaction required the formation of Community Market Partners QALICB, LLC as a Qualified Active Low-Income Community Business (QALICB) which holds the assets associated with the transaction. The construction of the facility (the Project) cost approximately \$4.2 million to complete.

The NMTC program offers credits against Federal income taxes over a seven-year period (the compliance period) for Qualified Equity Investments (QEIs) in certified Community Development Entities (CDEs) pursuant to Section 45D(d) of the IRC. To claim the NMTC, the CDEs must use substantially all of the proceeds of the QEIs to make a loan and/or an equity investment, which are qualified low-income community investments (QLICI), as defined in Section 45D(d) of the IRC, to a QALICB.

13. DEFINED CONTRIBUTION PLAN:

The Organization established a 401(K)-retirement plan, effective January 1, 2009, that covers all employees who work a minimum of 1,000 hours per year and have been employed for one year. The pension plan is invested in individual employee 401(K) accounts. The retirement benefits are fully vested with the plan participant after three years of service. The Organization's contribution to the plan totaled \$91,789 and \$75,883 in 2023 and 2022, respectively.

14. DEFINED BENEFIT PENSION PLAN:

On September 1, 2019, the Miami Valley Community Action Partnership Defined Benefit Pension Plan (the "Plan") was established from the spin-off a non-contributory, multiple-employer defined benefit pension plan (the "M-E Plan") administered by the United Way of the Greater Dayton Area. The Organization's participation in the M-E Plan was terminated at the time of spin-off. The Plan is a noncontributory defined benefit pension plan but is frozen to new employees. The benefits are based on years of service and the average of the employee's highest-paid three consecutive years of employment. The Organization uses December 31 of the current fiscal year as the measurement date for its plan.

ASC Topic 715, *Compensation—Retirement Benefits*, requires employers to fully recognize the overfunded or underfunded positions (the difference between the fair value of plan assets and the benefit obligation) of defined benefit pension, retiree healthcare, and other postretirement plans in their statement of financial position. For a pension plan, the benefit obligation would be the projected postretirement benefit obligation. In accordance with ASC Topic 715, a liability (unfunded pension benefit obligation) has been recognized representing the underfunded status of the Miami Valley Community Action Partnership Defined Benefit Pension Plan in the amount of \$824,178 and \$1,053,677 as of December 31, 2023 and 2022, respectively.

14. DEFINED BENEFIT PENSION PLAN (CONTINUED):

Pension Plan Obligations and Funded Status for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Projected benefit obligation	\$ (3,661,861)	(3,660,621)
Pension plan assets at fair value	<u>2,837,683</u>	<u>2,606,944</u>
Funded status	<u>\$ (824,178)</u>	<u>(1,053,677)</u>
Accumulated benefit obligation	\$ 3,661,861	3,660,621
Employer contributions	\$ 387,400	627,800
Benefits paid	\$ (477,599)	(533,043)

Amounts recognized in the consolidated statements of financial position at December 31, 2023 and 2022 consist of:

	<u>2023</u>	<u>2022</u>
Liability for pension benefits	\$ 824,178	1,053,677

Amounts recognized by the Miami Valley Community Action Partnership Defined Pension Plan during the year ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Net income	\$ 93,514	392,187
Net periodic pension costs, excluding service costs	\$ 218,631	138,789

Assumptions used in accounting for the Plan as of December 31, 2023 and 2022 were:

Weighted-average assumptions used to determine pension benefit obligations

	<u>2023</u>	<u>2022</u>
Discount rate	4.74%	4.95%
Rate of compensation increase	n/a	n/a

Weighted-average assumptions used to determine net periodic pension benefit cost

	<u>2023</u>	<u>2022</u>
Discount rate	4.74%	4.95%
Expected long term rate of return	6.60%	6.60%
Rates of compensation increase	n/a	n/a

The total expected long-term rate of return on assets is determined by assessing the rates of return on each targeted asset class, return premiums generated by portfolio management, and a comparison of rates utilized by other companies.

14. DEFINED BENEFIT PENSION PLAN (CONTINUED):

The investment policy of the Organization states the assets should be invested with moderate risk and a return objective target of at least a 7% average annualized return over any rolling market cycle of three to five years. Periodically, the entire account is rebalanced to maintain these percentages and the investment policy is reviewed. With each investment category, assets are allocated to various investment styles. Professional managers manage all assets for the Plan and independent consultants assist the Plan in the attainment of its objectives.

The following tables present the Organization's pension plan assets at December 31, 2023 and 2022, that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy:

	December 31, 2023	Level 1	Level 2	Level 3
Cash	\$ 213,156	213,156	-	-
Mutual funds	1,754,784	1,754,784	-	-
Corporate stocks and bonds	188,721	188,721	-	-
Exchanged traded funds	<u>681,022</u>	<u>681,022</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,837,683</u>	<u>2,837,683</u>	<u>-</u>	<u>-</u>

	December 31, 2022	Level 1	Level 2	Level 3
Cash	\$ 117,106	117,106	-	-
Mutual funds	1,747,497	1,747,497	-	-
Corporate stocks and bonds	260,625	260,625	-	-
Exchanged traded funds	<u>481,716</u>	<u>481,716</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,606,944</u>	<u>2,606,944</u>	<u>-</u>	<u>-</u>

The Organization expects to contribute approximately \$350,000 to its pension plan in 2024. No plan assets are expected to be returned to the Organization during that year.

The following benefit payments are expected to be paid during December 31:

2024	\$ 291,073
2025	284,300
2026	278,557
2027	274,704
2028	267,645
Thereafter	<u>1,238,586</u>
	<u>\$ 2,634,865</u>

15. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available for the following purposes:

	<u>2023</u>	<u>2022</u>
Subject to spending policy and appropriation:		
Micro-enterprise revolving loans	\$ 38,297	38,297
Total net assets with donor restrictions	<u>\$ 38,297</u>	<u>38,297</u>

16. LEASES:

The Organization leases certain buildings and equipment at various terms under long-term non-cancelable operating lease agreements. The leases expire at various dates through 2026 and provide for various renewal options. The Organization include in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. Certain leases provide for increases in future minimum annual rental payments.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis. There were no short-term leases for the years ended December 31, 2023 and 2022, respectively.

Total lease costs for the year ended December 31, 2023 and 2022 was \$308,415 and \$311,733, respectively.

The following table summarizes the supplemental cash flow information for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 308,415	311,733
Right-of-use assets obtained with operating lease liabilities	\$ 184,894	1,064,004

The following summarizes the weighted-average remaining lease term and weighted-average discount rate:

	<u>2023</u>	<u>2022</u>
Weighted-Average Remaining Lease Term (years)	2.43	3.11
Weighted-Average Discount Rate	3.64%	3.29%

16. LEASES (CONTINUED):

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of December 31, 2023:

2024	\$ 298,462
2025	290,291
2026	<u>120,940</u>
Total lease payments	709,693
Less: present value discount	<u>(29,239)</u>
	<u><u>\$ 680,454</u></u>

17. GRANT AWARDS:

At December 31, 2023 and 2022, the Organization had commitments under various grants of \$25,787,389 and \$14,119,881, respectively. These commitments are not recognized in the accompanying consolidated financial statements as they are conditional awards.

18. COMMITMENTS AND CONTINGENCIES:

MVCAP participates in a number of 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 MVCAP.

19. AVAILABILITY OF FINANCIAL ASSETS:

The Organization is substantially supported by revenue from grants and contracts from federal, state and local sources. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization manages cash daily by transferring excess operating cash to their money market cash account as necessary.

19. AVAILABILITY OF FINANCIAL ASSETS (CONTINUED):

The following table presents the financial assets available to meet cash needs for general expenditures within one year at: December 31:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 5,225,811	2,276,308
Restricted cash	950,266	1,024,691
Accounts receivable	420,403	519,620
Grants receivable	<u>1,613,588</u>	<u>687,920</u>
Financial assets available at year-end	8,210,068	4,508,539
Less those unavailable for general expenditures within one year due to:		
Donor-imposed or regulatory restrictions:		
QALICB reserves	(87,417)	(120,889)
HUD and Rural Development housing reserves	(783,059)	(833,523)
Tenant security deposit obligations	(79,790)	(79,299)
Micro-enterprise revolving loans	<u>(38,297)</u>	<u>(38,297)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>7,221,505</u>	<u>3,436,531</u>

Miami Valley Community Action Partnership and Affiliates
Consolidating Schedule of Financial Position
December 31, 2023

	MVCAP	Community Market Partners OALICB, LLC	Greenville Manor Limited Partnership	Preble County Apartments Limited Partnership	Greenville Housing Partners, Ltd.	Housing Corporations	Eliminations	Consolidated
Current assets:								
Cash and cash equivalents	\$ 4,904,576	73,751	51,135	9,792	186,557	-	-	5,225,811
Accounts receivable	409,133	-	8,108	2,203	26,874	-	(25,915)	420,403
Grants receivable	1,613,588	-	-	-	-	-	-	1,613,588
Weatherization inventory	123,378	-	-	-	-	-	-	123,378
Prepaid expenses	175,005	-	-	-	-	-	-	175,005
	<u>7,225,680</u>	<u>73,751</u>	<u>59,243</u>	<u>11,995</u>	<u>213,431</u>	<u>-</u>	<u>(25,915)</u>	<u>7,558,185</u>
Long-term assets:								
Restricted cash	-	87,417	213,202	130,050	519,597	-	-	950,266
Accounts receivable, affiliate	22,519	-	-	-	-	-	(22,519)	-
Investment in subsidiaries	65,410	-	-	-	-	(3,995)	(61,415)	-
Other assets	200	-	-	-	-	-	-	200
Operating lease right-of-use asset	680,454	-	-	-	-	-	-	680,454
Loans and interest receivable-related parties, net	4,187,068	-	-	-	-	-	(2,295,352)	1,891,716
	<u>4,955,651</u>	<u>87,417</u>	<u>213,202</u>	<u>130,050</u>	<u>519,597</u>	<u>(3,995)</u>	<u>(2,379,286)</u>	<u>3,522,636</u>
Property and equipment, net	<u>1,898,685</u>	<u>4,777,514</u>	<u>981,592</u>	<u>459,164</u>	<u>1,452,000</u>	<u>-</u>	<u>-</u>	<u>9,568,955</u>
Total assets	<u>\$ 14,080,016</u>	<u>4,938,682</u>	<u>1,254,037</u>	<u>601,209</u>	<u>2,185,028</u>	<u>(3,995)</u>	<u>(2,405,201)</u>	<u>20,649,776</u>
Liabilities and Net Assets								
Current liabilities:								
Mortgages and notes payable, current portion	\$ 4,266	-	38,923	9,372	19,916	-	-	72,477
Accounts payable	645,258	10,763	132,159	42,515	59,652	-	(63,180)	827,167
Accrued payroll and associated liabilities	720,491	-	-	-	-	-	-	720,491
Accrued interest	-	-	3,836	500	6,561	-	-	10,897
Security deposits	-	-	29,670	20,500	29,620	-	-	79,790
Operating lease liability, current portion	279,455	-	-	-	-	-	-	279,455
Grant funds received in advance	5,037,739	-	-	-	-	-	-	5,037,739
	<u>6,687,209</u>	<u>10,763</u>	<u>204,588</u>	<u>72,887</u>	<u>115,749</u>	<u>-</u>	<u>(63,180)</u>	<u>7,028,016</u>
Long-term liabilities:								
Mortgages and notes payable, long-term portion	66,347	4,880,000	838,231	1,076,917	1,756,644	-	(2,280,606)	6,337,533
Unamortized debt issuance costs	-	(264,827)	(1,495)	(2,955)	(40,304)	-	-	(309,581)
Housing loans payable	2,441,716	-	-	-	-	-	-	2,441,716
Operating lease liability, long-term portion	400,999	-	-	-	-	-	-	400,999
Liability for pension benefits	824,178	-	-	-	-	-	-	824,178
	<u>3,733,240</u>	<u>4,615,173</u>	<u>836,736</u>	<u>1,073,962</u>	<u>1,716,340</u>	<u>-</u>	<u>(2,280,606)</u>	<u>9,694,845</u>
Total liabilities	<u>10,420,449</u>	<u>4,625,936</u>	<u>1,041,324</u>	<u>1,146,849</u>	<u>1,832,089</u>	<u>-</u>	<u>(2,343,786)</u>	<u>16,722,861</u>
Net assets:								
Without donor restrictions	3,621,270	312,746	212,713	(545,640)	352,939	(3,995)	(61,415)	3,888,618
With donor restrictions	38,297	-	-	-	-	-	-	38,297
Total net assets	<u>3,659,567</u>	<u>312,746</u>	<u>212,713</u>	<u>(545,640)</u>	<u>352,939</u>	<u>(3,995)</u>	<u>(61,415)</u>	<u>3,926,915</u>
Total liabilities and net assets	<u>\$ 14,080,016</u>	<u>4,938,682</u>	<u>1,254,037</u>	<u>601,209</u>	<u>2,185,028</u>	<u>(3,995)</u>	<u>(2,405,201)</u>	<u>20,649,776</u>

Miami Valley Community Action Partnership and Affiliates
Consolidating Schedule of Activities
Year Ended December 31, 2023

	MVCAP	Community Market Partners QALICB, LLC	Greenville Manor Limited Partnership	Preble County Apartments Limited Partnership	Greenville Housing Partners, Ltd.	Housing Corporations	Eliminations	Consolidated
Revenues, gains, and other support:								
Grants and contract revenue	\$ 19,310,474	-	-	-	-	-	-	19,310,474
Interest income	261,773	28	69	790	1,453	-	-	264,113
Program contributions	53,829	-	-	-	-	-	-	53,829
Other income	702,118	-	-	-	-	-	(45,685)	656,433
Rental income	39,518	60,900	347,761	248,011	412,584	-	-	1,108,774
In-kind contributions	3,567	-	-	-	-	-	-	3,567
Total revenues, gains, and other support	20,371,279	60,928	347,830	248,801	414,037	-	(45,685)	21,397,190
Expenses:								
Personnel	5,757,112	-	-	-	-	-	-	5,757,112
Fringe benefits	1,687,255	-	-	-	-	-	-	1,687,255
Consultants and contract labor	607,083	7,500	1,300	1,500	5,500	-	-	622,883
Travel	4,616	-	-	-	-	-	-	4,616
Space and utilities	788,886	-	146,876	77,903	123,919	-	(45,685)	1,091,899
Consumable supplies	228,610	-	-	-	228,610	-	-	228,610
Equipment and maintenance	591,721	-	124,177	103,588	99,241	-	-	918,727
Weatherization materials	894,546	-	-	-	-	-	-	894,546
Assistance to individuals	7,668,730	-	-	-	-	-	-	7,668,730
Allowance for housing loans	224,459	-	-	-	-	-	-	224,459
Other costs	933,319	85,563	66,085	43,094	146,756	-	-	1,274,817
Depreciation and amortization	198,698	202,518	75,447	40,048	74,000	-	-	590,711
In-kind expenses	4,068	-	-	-	-	-	-	4,068
Total expenses	19,589,103	295,581	413,885	266,133	449,416	-	(45,685)	20,968,433
Change in net assets before other items	782,176	(234,653)	(66,055)	(17,332)	(35,379)	-	-	428,757
Non-operating income (expenses):								
Pension related charges other than net periodic pension cost	229,499	-	-	-	-	-	-	229,499
Change in net assets	1,011,675	(234,653)	(66,055)	(17,332)	(35,379)	-	-	658,256
Net assets, beginning of year	2,647,892	547,399	278,768	(528,308)	388,318	(3,995)	(61,415)	3,268,659
Net assets, end of year	\$ 3,659,567	312,746	212,713	(545,640)	352,939	(3,995)	(61,415)	3,926,915

Miami Valley Community Action Partnership and Affiliates
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

Federal Grantor Program Title	Assistance Listing Number	Funding Source/ Pass-Through Entity	Program Year	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Housing and Urban Development:					
Entitlement Grants Cluster:					
City of Kettering CDBG Emergency Home Relief Grant	14.218	City of Kettering	2/1/22 - 12/31/23	\$ 101,395	-
Total Entitlement Grants Cluster	Total Federal Expenditures ALN 14.218			101,395	-
Community Development Block Grant B-C-21-1CK-1	14.228	Board of Preble County Commissioners	12/1/21 - 2/29/24	58,631	-
	Total Federal Expenditures ALN 14.228			58,631	-
Emergency Solutions Grant Program N-L-20-6AX-4	14.231	State of Ohio, Dept. of Development	6/23/20 - 9/30/23	66,280	-
Emergency Solutions Grant Program N-D-22-6AX-1	14.231	State of Ohio, Dept. of Development	11/1/22 - 9/30/23	200,556	-
Emergency Solutions Grant Program N-L-22-6AX-1	14.231	State of Ohio, Dept. of Development	1/1/23 - 12/31/24	83,412	-
	Total Federal Expenditures ALN 14.231			350,248	-
Home Investment Partnership Program	14.239	Board of Preble County Commissioners	12/1/21 - 9/30/24	121,801	-
Preble County Tenant Based Rent Assistance	14.239	Board of Preble County Commissioners	1/1/22 - 12/31/23	75,159	-
	Total Federal Expenditures ALN 14.239			196,960	-
Total U.S. Department of Housing and Urban Development				707,234	-
U.S. Department of Treasury:					
COVID-19 ARPA Emergency Rental Assistance Program	21.023	State of Ohio, Dept. of Development	8/1/22 - 9/30/25	2,246,942	324,990
	Total Federal Expenditures ALN 21.023			2,246,942	324,990
COVID-19 Homeowner Assistance Fund	21.026	Ohio Housing Finance Agency	1/1/23 - 6/30/24	580,961	-
	Total Federal Expenditures ALN 21.026			580,961	-
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Greene County, Ohio	8/25/22 - 12/31/25	7,007	-
	Total Federal Expenditures ALN 21.027			7,007	-
Total U.S. Department of Treasury				2,834,910	324,990
U.S. Department of Energy:					
Weatherization Assistance Program #23-112	81.042	State of Ohio, Dept. of Development	7/1/23 - 6/30/24	851,091	-
Weatherization Assistance Program #22-112	81.042	State of Ohio, Dept. of Development	7/1/22 - 6/30/23	706,583	-
Weatherization Assistance Readiness Fund	81.042	State of Ohio, Dept. of Development	7/1/22 - 6/30/23	24,169	-
Weatherization Assistance Readiness Fund	81.042	State of Ohio, Dept. of Development	7/1/23 - 6/30/24	24,638	-
	Total Federal Expenditures ALN 81.042			1,606,481	-
Total U.S. Department of Energy				\$ 1,606,481	-

Miami Valley Community Action Partnership and Affiliates
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2023

Federal Grantor Program Title	Assistance Listing Number	Funding Source/ Pass-Through Entity	Program Year	Federal Expenditures	Expenditures to Subrecipients
<u>U.S. Department of Health and Human Services (continued):</u>					
HHS Weatherization Assistance #23-112	93.568	State of Ohio, Dept. of Development	7/1/23 - 6/30/24	\$ 2,250,749	-
HHS Weatherization Assistance #22-112	93.568	State of Ohio, Dept. of Development	7/1/22 - 6/30/23	1,423,498	-
HHS Weatherization Assistance Enhancement Grant #23-HE-112	93.568	State of Ohio, Dept. of Development	7/1/23 - 6/30/24	1,128,517	-
HHS Weatherization Assistance Enhancement Grant #22-HE-112	93.568	State of Ohio, Dept. of Development	7/1/22 - 6/30/23	876,114	-
LIHEAP Administration #2024-116	93.568	State of Ohio, Dept. of Development	9/1/23 - 8/31/24	695,114	-
LIHEAP Emergency Assistance #WCP-2024-116	93.568	State of Ohio, Dept. of Development	11/1/23 - 3/31/24	157,744	-
LIHEAP Administration #2023-116	93.568	State of Ohio, Dept. of Development	9/1/22 - 8/31/23	1,167,544	-
LIHEAP Emergency Assistance #WCP-2023-116	93.568	State of Ohio, Dept. of Development	11/1/22 - 3/31/23	319,289	-
LIHEAP Cooling Assistance #SCP-2023-216	93.568	State of Ohio, Dept. of Development	7/1/23 - 9/30/23	235,163	-
LIHWAP Water Assistance	93.568	State of Ohio, Dept. of Development	10/1/21 - 3/30/24	300,456	-
LIHWAP 2021-116	93.568	State of Ohio, Dept. of Development	10/1/21 - 3/30/24	300,456	-
Darke III-B HEAP Outreach Program	93.568	Area Agency on Aging, PSA-2	9/1/22 - 8/31/23	14,244	-
Darke III-B HEAP Outreach Program	93.568	Area Agency on Aging, PSA-2	9/1/23 - 8/31/24	5,784	-
Total Federal Expenditures ALN 93.568				8,574,216	-
Community Services Block Grant #2022-17	93.569	State of Ohio, Dept. of Development	1/1/22 - 12/31/23	2,333,247	150,080
Community Services Block Grant	93.569	Ohio Community Action Training Organization	8/1/22 - 9/30/22	39,014	-
Total Federal Expenditures ALN 93.569				2,372,261	150,080
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Preble County Auditor	7/1/22 - 6/30/24	11,305	-
Total Federal Expenditures ALN 93.959				11,305	-
Total U.S. Department of Health and Human Services				10,957,782	150,080
<u>U.S. Department of Homeland Security:</u>					
Emergency Food and Shelter National Board Program Phase 39	97.024	United Way of the Greater Dayton Area	11/1/21 - 4/30/23	14,964	-
Emergency Food and Shelter National Board Program Phase 40	97.024	United Way of the Greater Dayton Area	11/1/21 - 12/31/24	10,922	-
COVID-19 Emergency Food and Shelter National Board Program Phase ARPA	97.024	United Way of the Greater Dayton Area	11/1/21 - 4/30/23	48,308	-
Total Federal Expenditures ALN 97.024				74,194	-
Total Expenditures of Federal Awards				\$ 16,180,601	475,070

1. BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Miami Valley Community Action Partnership and Affiliates under programs of the federal government for the year ended December 31, 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 Miami Valley Community Action Partnership and Affiliates, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Miami Valley Community Action Partnership and Affiliates.

2. SIGNIFICANT ACCOUNTING POLICIES:

(1) 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, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Miami Valley Community Action Partnership and Affiliates has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

(3) Pass-through identifying numbers are presented where available.

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

Board of Directors
Miami Valley Community Action Partnership and Affiliates
Dayton, Ohio

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 Miami Valley Community Action Partnership and Affiliates (a non-profit organization) which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 27, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Miami Valley Community Action Partnership and Affiliates' 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Report on Compliance and Other Matters

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
August 27, 2024

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

Board of Directors
Miami Valley Community Action Partnership and Affiliates
Dayton, Ohio

Report on Compliance for Each Major Federal Program***Opinion on Each Major Federal Program***

We have audited Miami Valley Community Action Partnership and Affiliates' compliance with the types of compliance requirements identified to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Miami Valley Community Action Partnership and Affiliates' major federal programs for the year ended December 31, 2023. Miami Valley Community Action Partnership and Affiliates' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Miami Valley Community Action Partnership and Affiliates 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 December 31, 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 Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Miami Valley Community Action Partnership and Affiliates 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 Miami Valley Community Action Partnership and Affiliates' 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 Miami Valley Community Action Partnership and Affiliates' federal programs.

Auditors' 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 Miami Valley Community Action Partnership and Affiliates' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance 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 judgment made by a reasonable user of the report on compliance about Miami Valley Community Action Partnership and Affiliates' 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 Miami Valley Community Action Partnership and Affiliates' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Miami Valley Community Action Partnership and Affiliates' 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 Miami Valley Community Action Partnership and Affiliates' internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 combination of deficiencies, in internal control over compliance with a type of 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 Auditors' Responsibilities for the Audit 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 our testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
August 27, 2024

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:		<u>unmodified</u>		
Internal control over financial reporting:				
Material weakness identified?	_____ Yes	_____ <u>X</u>	_____ No	
Significant deficiency identified not considered to be material weaknesses?	_____ Yes	_____ <u>X</u>	_____ None noted	
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u>	_____ No	

Federal Awards

Type of auditors' report issued on compliance for major programs:		<u>unmodified</u>		
Internal control over financial reporting:				
Material weakness identified?	_____ Yes	_____ <u>X</u>	_____ No	
Significant deficiency identified not considered to be material weaknesses?	_____ Yes	_____ <u>X</u>	_____ None noted	
Any audit findings disclosed that are required to be reported in accordance with CFR Section 200.516(a)?	_____ Yes	_____ <u>X</u>	_____ No	

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.023	Emergency Rental Assistance Program
93.569	Community Services Block Grant

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$750,000</u>
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Auditee qualified as low-risk auditee?	_____ <u>X</u>	_____ Yes	_____ No	
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Financial Statement Findings

There were no findings or questioned costs relative to the consolidated financial statements.

Federal Award Findings and Questioned Costs

There were no findings or questioned costs relative to federal awards.

Prior Year Findings

None reported.