

Council for Economic Opportunities in Greater Cleveland

Financial Report
Year Ended January 31, 2020



Council for Economic Opportunities in Greater Cleveland

Financial Statements and Supplementary Information
Year Ended January 31, 2020

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Independent Auditor's Report

Board of Directors
Council for Economic Opportunities in Greater Cleveland
Cleveland, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of Council for Economic Opportunities in Greater Cleveland (a nonprofit organization), which comprise the statement of financial position as of January 31, 2020, 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 Council for Economic Opportunities in Greater Cleveland as of January 31, 2020, 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 accompanying schedule of expenditures of federal awards and list of programs as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of program activity 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2020, on our consideration of Council for Economic Opportunities in Greater Cleveland'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 Council for Economic Opportunities in Greater Cleveland'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 Council for Economic Opportunities in Greater Cleveland's internal control over financial reporting and compliance.



Wipfli LLP

September 24, 2020
Madison, Wisconsin

Council for Economic Opportunities in Greater Cleveland

Statement of Financial Position

January 31, 2020

<i>Assets</i>	
Current assets:	
Cash	\$ 737,453
Grants receivable	3,645,372
Accounts receivable	181,863
Prepaid expenses	225,839
Total current assets	4,790,527
Property and equipment, net	4,103,324
TOTAL ASSETS	\$ 8,893,851

<i>Liabilities and Net Assets</i>	
Current liabilities:	
Accounts payable	\$ 1,285,598
Accrued payroll and related expenses	798,038
Accrued vacation	585,182
Amortized rent obligation, current portion	136,033
Refundable advance liability	1,277,317
Total current liabilities	4,082,168
Long-term liabilities:	
Amortized rent obligation	272,065
Total long-term liabilities	272,065
Total liabilities	4,354,233
Net assets:	
Without donor restrictions	504,370
Without donor restrictions - Grant-funded fixed assets	4,035,248
Total net assets without donor restrictions	4,539,618
TOTAL LIABILITIES AND NET ASSETS	\$ 8,893,851

Council for Economic Opportunities in Greater Cleveland

Statement of Activities

Year Ended January 31, 2020

Revenue:	
Grant and contract revenue	\$ 34,651,495
Child care service fees	117,529
Other income	17,140
In-kind contributions	6,225,863
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Total revenue	41,012,027
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Expenses:	
Program expenses	
Child education	28,960,941
Community service programs	4,719,322
Energy assistance	2,413,745
Food programs	1,116,726
Other	102,571
Total program expenses	37,313,305
Supporting expenses	
Management and general	3,915,475
Fund-raising	30,877
Total supporting expenses	3,946,352
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Total expenses	41,259,657
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Change in net assets	(247,630)
Net assets - Beginning of the year	4,787,248
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Net assets - End of the year	\$ 4,539,618

Council for Economic Opportunities in Greater Cleveland

Statement of Functional Expenses

Year Ended January 31, 2020

	Program Activities	Management & General	Fund-raising	Total
Expenses:				
Salaries/wages	\$ 14,927,569	\$ 1,790,498	\$ 19,660	\$ 16,737,727
Fringe benefits	5,246,756	614,010	7,796	5,868,562
Contractual	3,778,467	602,022	162	4,380,651
Travel	331,847	60,845	0	392,692
Space costs	1,994,799	551,172	5	2,545,976
Supplies/food	1,683,027	61,336	3,081	1,747,444
Energy and other assistance payments	1,290,958	0	0	1,290,958
Other	1,342,313	235,592	173	1,578,078
Depreciation expense	491,706	0	0	491,706
In-kind expenses	6,225,863	0	0	6,225,863
Total expenses	\$ 37,313,305	\$ 3,915,475	\$ 30,877	\$ 41,259,657

Council for Economic Opportunities in Greater Cleveland

Statement of Cash Flows

Year Ended January 31, 2020

Increase (decrease) in cash:	
Cash flows from operating activities:	
Change in net assets	(\$ 247,630)
<hr/>	
Adjustments to reconcile change in net assets	
to net cash provided by operating activities:	
Depreciation	491,706
Amortized rent obligation	34,008
Changes in operating assets and liabilities:	
Grants receivable	(372,380)
Accounts receivable	(141,383)
Prepaid expenses	28,991
Accounts payable	(427,865)
Accrued payroll and related expenses	188,784
Accrued vacation	30,911
Refundable advance liability	103,369
<hr/>	
Net cash used in operating activities	(311,489)
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Cash flows from investing activities:	
Purchase of property and equipment	(163,840)
<hr/>	
Net cash used in investing activities	(163,840)
<hr/>	
Change in cash	(475,329)
Cash - Beginning of the year	1,212,782
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Cash - End of the year	\$ 737,453

Council for Economic Opportunities in Greater Cleveland

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

The Council for Economic Opportunities in Greater Cleveland (CEOGC) was organized as a nonprofit corporation in 1964. CEOGC was formed to develop and provide resources for the purpose of assisting low-income individuals through a variety of programs. CEOGC is primarily supported through federal and state government grants, with approximately 74% of the CEOGC's grant revenue being earned from the Department of Health and Human Services' Head Start program.

Basis of Presentation

All 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 CEOGC and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Currently, CEOGC does not have any net assets with donor 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, 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

Council for Economic Opportunities in Greater Cleveland

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

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.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

A. Grant Awards That Are Contributions

Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related expenses are incurred. Amounts received in excess of expenses are reflected as refundable advance liability.

B. Grant Awards That Are Exchange Transactions

Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

Child Care Service Fees

Child care service fees represent funds from Cuyahoga County to provide extended day care services to Head Start children. The funds are used to supplement the Head Start program, as the beneficiaries of the funds are eligible for Head Start services. The revenue is recognized based on a predetermined rate in the period the service is performed.

Accounts Receivable

Accounts receivable consist primarily of rebates and amounts billed to Cuyahoga County under contracts for child care services. Amounts are reviewed for collectability by management and an allowance for doubtful accounts is recorded as needed based on collection history and customer attributes. CEOGC considers these receivables to be collectible and, therefore, no allowance for doubtful accounts has been recorded.

Property and Equipment

Property and equipment are capitalized at cost. Depreciation is provided using the straight-line method over the estimated useful life of the asset. CEOGC capitalizes items with a useful life of more than one year and costs that meet the following thresholds:

Corporate funded/grant funded, other than State of Ohio awards	\$	5,000
State of Ohio grant-funded programs		1,000

Council for Economic Opportunities in Greater Cleveland

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property and Equipment (Continued)

Property and equipment purchased with grant funds are owned by CEOGC 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. Its disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. The property and equipment purchased with grant funds are normally earmarked for use in specific programs operated by CEOGC.

In-Kind Contributions

CEOGC records in-kind contributions for space, donated materials, and professional services if they create or enhance a nonfinancial asset or require specialized skill by the individual possessing those skills and would typically be purchased if not provided by donation. The in-kind reported is primarily for donated use of facilities. The valuation is based on certified appraisals of the space. In addition, CEOGC received contributions of nonprofessional volunteers during the year with a value of \$170,104 for its Head Start program which are not reported.

Income Taxes

CEOGC is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from Ohio franchise or income tax.

CEOGC 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. CEOGC 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 statement 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. Space and related costs are allocated based on square footage.

Change in Accounting Policy

In 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Amendments in the Update assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) subject to Subtopic 958-605 or as exchange (reciprocal) transactions subject to Accounting Standards Codification 606 and determining whether a transaction is conditional. The contribution guidance in Subtopic 958-605 requires an entity to determine whether a transaction is conditional, which affects the timing of the revenue recognized. CEOGC has applied the amendments in this ASU as of February 1, 2019 on a modified retrospective basis. There was no change in opening balances of net assets and no prior period results were restated.

Council for Economic Opportunities in Greater Cleveland

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605, Revenue Recognition, and most industry-specific guidance. When adopted, the amendments in the ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic companies for annual periods beginning after December 15, 2018. On June 3, 2020, FASB issued ASU 2020, ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606)* that extended the effective date for certain entities to annual periods beginning after December 15, 2020. CEOGC is currently evaluating the impact of the provisions of ASU Topic 606.

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, 2019, with early adoption permitted. ASU No. 2016-02 must be applied modified retrospectively. The Organizations are currently evaluating the impact of the provisions of ASU Topic 842. On June 3, 2020, FASB issued ASU 2020, ASU No. 2016-12, *Leases (Topic 842)* that extended the effective date for certain entities to annual periods beginning after December 15, 2021. CEOGC is currently evaluating the impact of the provisions of ASU Topic 842.

Note 2: Concentration of Credit Risk

CEOGC maintains cash balances at one financial institution. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. Management believes this financial institution has a strong credit rating and credit risk related to their deposits is minimal.

Note 3: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the statement of financial position date, are comprised of the following as of January 31, 2020:

Cash	\$ 737,453
<u>Accounts and grants receivable, to be collected in less than one year</u>	<u>3,827,235</u>
Subtotal financial assets	4,564,688
Less: Current liabilities	(2,668,818)
<u>Less: Refundable advance liability</u>	<u>(1,277,317)</u>
<u>Total financial assets available</u>	<u>\$ 618,553</u>

CEOGC does not have a formal liquidity policy but generally maintains financial assets in liquid form such as cash and cash equivalents for approximately 1 month of operating expenses. CEOGC 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 (see Note 9).

Council for Economic Opportunities in Greater Cleveland

Notes to Financial Statements

Note 4: Grants Receivable

Grants receivable of \$3,645,372 at January 31, 2020, consisted of \$2,880,049 from federal programs, \$424,079 from state programs and \$341,244 from local programs.

Note 5: Property and Equipment

A summary of property and equipment as of January 31, 2020, is as follows:

	Grant Funded	Corporate	Totals
Buildings	\$ 9,406,916	\$ 60,942	\$ 9,467,858
Buildings renovations	1,806,000	0	1,806,000
Vehicles/equipment	2,030,849	131,509	2,162,358
Total cost	13,243,765	192,451	13,436,216
Accumulated depreciation	(9,208,517)	(124,375)	(9,332,892)
Property and equipment, net	\$ 4,035,248	\$ 68,076	\$ 4,103,324

A Notice of Federal Interest has been filed for several of the buildings owned by CEOGC as the funding source has a reversionary interest in those buildings.

Note 6: Refundable Advance Liability

Amounts received on cost reimbursement contracts in excess of expenses are reflected as refundable advance liability. Grants funds received in advance at January 31, 2020, consisted of the following:

Program Title	Funding Source/ Pass-Through Entity	Program Period	Program Amount
Ohio Head Start Program IRN-77909-03/04	Ohio Dept. of Education	Ended in a prior period	\$ 144,270
Universal Pre-Kindergarten (2.0-1)	Ohio Dept of Education	Ongoing	41,009
Universal Pre-Kindergarten (2.0-2)	Ohio Dept of Education	Ongoing	253
HEAP Energy Assistance Program 20-HA-115	Ohio Development Services Agency	09/01/19-08/31/20	259,578
HEAP Energy Assistance Program 20-HE-215	Ohio Development Services Agency	11/01/19-03/31/20	168,473
HEAP Energy Assistance Program 19-HC-215	Ohio Development Services Agency	07/01/19-08/31/19	42,305
HEAP Energy Assistance Program 19-PA-215	Ohio Development Services Agency	01/01/19-12/31/19	30,020
CSBG Program 18-1916	Ohio Development Services Agency	01/01/18-12/31/19	30,918

Council for Economic Opportunities in Greater Cleveland

Notes to Financial Statements

Note 6: Refundable Advance Liability (Continued)

Program Title	Funding Source/ Pass-Through Entity	Program Period	Program Amount
Step Up to Quality IX	Ohio Child Care Resource & Referral	Ended in a prior period	38,000
Cleveland Foundation	Cleveland Foundation	12/01/17-08/31/20	72,500
Garden Grant	Cuyahoga County Board of Health	Ended in a prior yr	1,200
First Energy Fuel Fund VII	First Energy Company	01/01/19-12/31/19	26,468
First Energy Fuel Fund VIII	First Energy Company	01/01/20-12/31/20	67,133
First Energy Service Contract	First Energy Company	01/01/19-12/31/19	264,263
First Energy Service Contract	First Energy Company	01/01/20-12/31/20	86,527
Update the Plate	George Gund Foundation	Ended in a prior yr	751
United Way	United Way of Greater Cleveland	07/01/19-06/30/20	3,649
Total			\$ 1,277,317

Note 7: Operating Lease Agreements

CEOGC leases various facilities and equipment for the operation of its programs. Lease expense for the year ended January 31, 2020, was \$1,765,235. CEOGC has one lease with a renewal option for up to an additional 20 years (four 5-year renewal terms). The future minimum lease obligations under these leases are as follows:

2021	\$ 1,746,782
2022	1,728,132
2023	1,698,762
2024	280,801
2025	283,001
<u>Thereafter</u>	<u>1,231,802</u>
Total	\$ 6,969,280

CEOGC records lease expense on a straight line basis over the term of the lease. In conjunction with one facility lease that has a term of 5 years and started in the fiscal year ended January 31, 2020, there were several months with no lease payments due. As a result of not paying rent but recording an expense, CEOGC has recorded a liability, amortized rent obligation, in the amount of \$408,098 (\$136,033 current and \$272,065 as long-term).

Council for Economic Opportunities in Greater Cleveland

Notes to Financial Statements

Note 8: Retirement Plan

CEOGC has a defined contribution retirement plan authorized under Section 403(b) of the Internal Revenue Code. The plan is open to all employees who are employed by CEOGC. CEOGC's contributions vest 100% after two years of service. CEOGC's contributions for the year ended January 31, 2020, were \$912,601.

Note 9: Grant Awards

At January 31, 2020, CEOGC had commitments under various grant awards of approximately \$6,900,000. The revenue relating to these grants is not recognized in the accompanying financial statements as the revenue recognition is conditional on the incurrence of expenditures or the performance of services in the next fiscal year.

Note 10: Line of Credit

CEOGC has \$2,000,000 line of credit with KeyBank with an interest rate equal to the Prime Rate and secured with a general business security agreement. As of January 31, 2020, CEOGC has not drawn on the line of credit. As of January 31, 2020, the Prime Rate was 4.75%.

Note 11: Subsequent Event

Subsequent events have been evaluated through September 24, 2020, which is the date the financial statements were available to be issued. Beginning in March 2020, the United States economy began suffering adverse effects from the COVID-19 crisis including financial markets, supply chains, businesses, and communities. Specific to CEOGC, COVID-19 may impact various parts of its 2020 operations and financial results. Management believes CEOGC is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

Supplementary Information

Council for Economic Opportunities in Greater Cleveland

Schedule A-1

Schedule of Program Activity

Year Ended January 31, 2020

	FEDERAL PROGRAMS								
	Department of Agriculture				Department of Health and Human Services				
	10.558				93.568				
	Total	Child Care Food Program 2018/2019 (1)	Child Care Food Program 2019/2020 (2)	10.558 Subtotal	HEAP Admin. Program 18-HA-115 (3)	HEAP Admin. Program 19-HA-115 (4)	HEAP Energy Asst. Program 19-HE-215 (5)	HEAP Summer Cooling 19-HC-215 (6)	HEAP Admin. Program 20-HA-115 (7)
REVENUE									
Grant and Contract Revenue									
Prior year's grant funds received in advance	\$ 1,173,948	\$ 0	\$ 0	\$ 0	\$ 4,544	\$ 169,852	\$ 182,230	\$ 0	\$ 0
Current year awards	34,812,651	620,884	525,690	1,146,574	0	697,954	186,605	234,750	829,440
Funds repaid/deobligated/reprogrammed	(57,787)	0	0	0	(4,544)	0	0	0	0
Refundable advance liability	(1,277,317)	0	0	0	0	0	0	(42,305)	(259,578)
Total grant and contract revenue	34,651,495	620,884	525,690	1,146,574	0	867,806	368,835	192,445	569,862
Transfers	0	0	0	0	0	0	0	0	0
Donations	5,128	0	0	0	0	0	0	0	0
Child care service fees	117,529	0	0	0	0	0	0	0	0
Other income	12,012	0	0	0	0	0	0	0	0
In-kind contributions	6,225,863	0	0	0	0	0	0	0	0
Total Revenue	41,012,027	620,884	525,690	1,146,574	0	867,806	368,835	192,445	569,862
EXPENSES									
Salaries/wages	16,737,727	12,506	89,276	101,782	0	385,731	0	0	293,755
Fringe benefits	5,868,562	0	37,595	37,595	0	151,310	0	0	52,189
Contractual	4,380,651	0	0	0	0	59,851	0	0	17,342
Travel	392,692	0	0	0	0	8,236	0	0	10,347
Space costs	2,545,976	0	0	0	0	66,647	0	0	45,133
Supplies/food	1,747,444	604,952	372,895	977,847	0	14,455	0	0	1,201
Energy and other assistance payments	1,290,958	0	0	0	0	0	368,835	192,445	0
Indirect costs	0	2,533	25,691	28,224	0	108,750	0	0	70,054
Other	1,578,078	893	233	1,126	0	72,826	0	0	79,841
Depreciation expense	491,706	0	0	0	0	0	0	0	0
In-kind expenses	6,225,863	0	0	0	0	0	0	0	0
Total Expenses	41,259,657	620,884	525,690	1,146,574	0	867,806	368,835	192,445	569,862
Change in Net Assets	(247,630)	0	0	0	0	0	0	0	0
Net assets - Beginning of the Year	4,787,248	0	0	0	0	0	0	0	0
NET ASSETS - End of the Year	\$ 4,539,618	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

See Independent Auditor's Report

Council for Economic Opportunities in Greater Cleveland

Schedule A-2

Schedule of Program Activity

Year Ended January 31, 2020

	FEDERAL PROGRAMS								
	Department of Health and Human Services (DHHS)								
	93.568				93.569			93.575	
	HEAP Admin. Program 20-HE-215	Percentage of Income Payment Plan 18-PA-115	Percentage of Income Payment Plan 19-PA-115	Percentage of Income Payment Plan 20-PA-115	93.568 Subtotal	Community Services Block Grant 18-1916	Community Services Block Grant 20-2116	93.569 Subtotal	Step Up to Quality IX
(8)	(9)	(10)	(11)		(12)	(13)		(14)	
REVENUE									
Grant and Contract Revenue									
Prior year's grant funds received in advance	\$ 0	\$ 53,243	\$ 0	\$ 0	\$ 409,869	\$ 0	\$ 0	\$ 0	\$ 0
Current year awards	680,000	0	132,137	8,264	2,769,150	3,129,038	225,826	3,354,864	38,000
Funds repaid/deobligated/reprogrammed	0	(53,243)	0	0	(57,787)	0	0	0	0
Refundable advance liability	(168,473)	0	(30,020)	0	(500,376)	(30,918)	0	(30,918)	(38,000)
Total grant and contract revenue	511,527	0	102,117	8,264	2,620,856	3,098,120	225,826	3,323,946	0
Transfers	0	0	0	0	0	0	0	0	0
Donations	0	0	0	0	0	0	0	0	0
Child care service fees	0	0	0	0	0	0	0	0	0
Other income	0	0	0	0	0	2,909	0	2,909	0
In-kind contributions	0	0	0	0	0	0	0	0	0
Total Revenue	511,527	0	102,117	8,264	2,620,856	3,101,029	225,826	3,326,855	0
EXPENSES									
Salaries/wages	0	0	61,917	5,232	746,635	1,251,450	108,069	1,359,519	0
Fringe benefits	0	0	15,613	1,391	220,503	417,289	(16,555)	400,734	0
Contractual	0	0	0	0	77,193	124,457	5,778	130,235	0
Travel	0	0	0	0	18,583	37,163	2,755	39,918	0
Space costs	0	0	3,300	300	115,380	472,345	46,177	518,522	0
Supplies/food	0	0	2,725	0	18,381	40,556	768	41,324	0
Energy and other assistance payments	511,527	0	0	0	1,072,807	179,522	33,099	212,621	0
Indirect costs	0	0	15,700	1,341	195,845	337,920	18,532	356,452	0
Other	0	0	2,862	0	155,529	240,327	27,203	267,530	0
Depreciation expense	0	0	0	0	0	0	0	0	0
In-kind expenses	0	0	0	0	0	0	0	0	0
Total Expenses	511,527	0	102,117	8,264	2,620,856	3,101,029	225,826	3,326,855	0
Change in Net Assets	0	0	0	0	0	0	0	0	0
Net assets - Beginning of the Year	0	0	0	0	0	0	0	0	0
NET ASSETS - End of the Year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

See Independent Auditor's Report

Council for Economic Opportunities in Greater Cleveland

Schedule A-3

Schedule of Program Activity

Year Ended January 31, 2020

	FEDERAL PROGRAMS			STATE AND LOCAL PROGRAMS				
	DHHS							
	93.600							
	Head Start 05CH010828-01 (15)	TOTAL FEDERAL PROGRAMS	Universal Pre- Kindergarten (UPK-2.0-1) (16)	Universal Pre- Kindergarten (UPK-2.0-2) (17)	Universal Pre- Kindergarten (UPK-2.0-3) (18)	Ohio Head Start Program IRN- 77909-03/04 (19)	First Energy Fuel Fund 6 (20)	First Energy Fuel Fund 7 (21)
REVENUE								
Grant and Contract Revenue								
Prior year's grant funds received in advance	\$ 0	\$ 409,869	\$ 41,009	\$ 0	\$ 0	\$ 144,270	\$ 899	\$ 0
Current year awards	25,543,762	32,852,350	0	394,588	326,777	0	0	67,360
Funds repaid/deobligated/reprogrammed	0	(57,787)	0	0	0	0	(899)	899
Refundable advance liability	0	(569,294)	(41,009)	(253)	0	(144,270)	0	(26,468)
Total grant and contract revenue	25,543,762	32,635,138	0	394,335	326,777	0	0	41,791
Transfers	0	0	0	0	0	0	0	12,525
Donations	0	0	0	0	0	0	0	0
Child care service fees	117,529	117,529	0	0	0	0	0	0
Other income	0	2,909	0	0	0	0	0	0
In-kind contributions	6,395,967	6,395,967	0	0	0	0	0	0
Total Revenue	32,057,258	39,151,543	0	394,335	326,777	0	0	54,316
EXPENSES								
Salaries/wages	11,113,864	13,321,800	0	158,061	196,146	0	0	0
Fringe benefits	4,034,184	4,693,016	0	51,303	54,797	0	0	0
Contractual	3,399,591	3,607,019	0	0	0	0	0	4,701
Travel	258,941	317,442	0	0	0	0	0	1,520
Space costs	1,711,024	2,344,926	0	18,788	6,774	0	0	23,521
Supplies/food	398,741	1,436,293	0	91,665	13,118	0	0	12,500
Energy and other assistance payments	0	1,285,428	0	0	0	0	0	0
Indirect costs	3,067,480	3,648,001	0	42,396	50,816	0	0	0
Other	1,677,466	2,101,651	0	32,122	5,126	0	0	12,074
Depreciation expense	0	0	0	0	0	0	0	0
In-kind expenses	6,395,967	6,395,967	0	0	0	0	0	0
Total Expenses	32,057,258	39,151,543	0	394,335	326,777	0	0	54,316
Change in Net Assets	0	0	0	0	0	0	0	0
Net assets - Beginning of the Year	0	0	0	0	0	0	0	0
NET ASSETS - End of the Year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

See Independent Auditor's Report

Council for Economic Opportunities in Greater Cleveland

Schedule A-4

Schedule of Program Activity

Year Ended January 31, 2020

STATE AND LOCAL PROGRAMS									
	First Energy Fuel Fund 8	Early Childhood Education (ECE) VI	Early Childhood Education (ECE) VII	Update the Plate L. Stokes Grant	First Energy Service Grant 2019	First Energy Service Grant 2020	Cleveland Foundation Grant	Garden Grant	United Way Services - EHS
	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
REVENUE									
Grant and Contract Revenue									
Grant funds received in advance	\$ 0	\$ 0	\$ 0	\$ 751	\$ 397,828	\$ 0	\$ 153,125	\$ 1,200	\$ 24,997
Current year awards	69,500	221,542	295,448	0	374,999	125,000	0	0	27,720
Funds repaid/deobligated	0	0	0	0	0	0	0	0	0
Grant funds received in advance	(67,133)	0	0	(751)	(264,263)	(86,527)	(72,500)	(1,200)	0
Total grant and contract revenue	2,367	221,542	295,448	0	508,564	38,473	80,625	0	52,717
Transfers	0	0	0	0	0	0	0	0	0
Donations	0	0	0	0	0	0	0	0	0
Child care service fees	0	0	0	0	0	0	0	0	0
Other income	0	0	0	0	0	0	0	0	0
In-kind contributions	0	0	0	0	0	0	0	0	0
Total Revenue	2,367	221,542	295,448	0	508,564	38,473	80,625	0	52,717
EXPENSES									
Salaries/wages	0	125,895	164,082	0	213,557	13,507	0	0	0
Fringe benefits	0	52,145	63,150	0	70,150	4,121	0	0	0
Contractual	0	0	0	0	59,265	6,409	80,625	0	0
Travel	0	0	0	0	3,603	612	0	0	0
Space costs/property acquisition	1,551	0	2,268	0	23,009	1,262	0	0	5,532
Supplies/food	239	7,126	18,764	0	9,140	0	0	0	47,185
Energy and other assistance payments	0	0	0	0	0	0	0	0	0
Indirect costs	0	36,053	46,015	0	57,451	3,570	0	0	0
Other	577	323	1,169	0	72,389	8,992	0	0	0
Depreciation expense	0	0	0	0	0	0	0	0	0
In-kind expenses	0	0	0	0	0	0	0	0	0
Total Expenses	2,367	221,542	295,448	0	508,564	38,473	80,625	0	52,717
Change in Net Assets	0	0	0	0	0	0	0	0	0
Net assets - Beginning of the Year	0	0	0	0	0	0	0	0	0
NET ASSETS - End of the Year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

See Independent Auditor's Report

Council for Economic Opportunities in Greater Cleveland

Schedule A-5

Schedule of Program Activity

Year Ended January 31, 2020

	STATE AND LOCAL PROGRAMS			OTHER			CORPORATE ACTIVITY		
	United Way Services - EHS (31)	Total State and Local Programs	Grant-Funded Equipment Fund (32)	Direct Cost Pools (33)	Indirect Costs (34)	Eliminate Non- GAAP In Kind (35)	TOTAL PROGRAMS	Rent Holiday (36)	Total Corporate Activity Including Rent Holiday (37)
REVENUE									
Grant and Contract Revenue									
Grant funds received in advance	\$ 0	\$ 764,079	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,173,948	\$ 0	\$ 0
Current year awards	57,367	1,960,301	0	0	0	0	34,812,651	0	0
Funds repaid/deobligated	0	0	0	0	0	0	(57,787)	0	0
Grant funds received in advance	(3,649)	(708,023)	0	0	0	0	(1,277,317)	0	0
Total grant and contract revenue	53,718	2,016,357	0	0	0	0	34,651,495	0	0
Transfers	0	12,525	0	0	(203,007)	0	(190,482)	0	190,482
Donations	0	0	0	0	0	0	0	0	5,128
Child care service fees	0	0	0	0	0	0	117,529	0	0
Other income	0	0	0	0	0	0	2,909	0	9,103
In-kind contributions	0	0	0	0	0	(170,104)	6,225,863	0	0
Total Revenue	53,718	2,028,882	0	0	(203,007)	(170,104)	40,807,314	0	204,713
EXPENSES									
Salaries/wages	34,819	906,067	0	697,467	1,790,498	0	16,715,832	0	21,895
Fringe benefits	9,853	305,519	0	256,017	614,010	0	5,868,562	0	0
Contractual	0	151,000	0	20,610	569,969	0	4,348,598	0	32,053
Travel	0	5,735	0	4,616	60,845	0	388,638	0	4,054
Space costs/property acquisition	0	82,705	(155,776)	(311,059)	551,172	0	2,511,968	34,008	34,008
Supplies/food	0	199,737	(8,064)	56,818	61,336	0	1,746,120	0	1,324
Energy and other assistance payments	0	0	0	0	0	0	1,285,428	0	5,530
Indirect costs	9,046	245,347	0	193,081	(4,086,429)	0	0	0	0
Other	0	132,772	0	(917,550)	235,592	0	1,552,465	0	25,613
Depreciation expense	0	0	481,559	0	0	0	481,559	0	10,147
In-kind expenses	0	0	0	0	0	(170,104)	6,225,863	0	0
Total Expenses	53,718	2,028,882	317,719	0	(203,007)	(170,104)	41,125,033	34,008	134,624
Change in Net Assets	0	0	(317,719)	0	0	0	(317,719)	(34,008)	70,089
Net assets - Beginning of the Year	0	0	4,352,967	0	0	0	4,352,967	(374,090)	434,281
NET ASSETS - End of the Year	\$ 0	\$ 0	\$ 4,035,248	\$ 0	\$ 0	\$ 0	\$ 4,035,248	(\$ 408,098)	\$ 504,370

See Independent Auditor's Report

Council for Economic Opportunities in Greater Cleveland

Schedule B-1

Schedule of Expenditures of Federal Awards and List of Programs

Year Ended January 31, 2020

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Program Year	Passed Through Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE					
Passed through Ohio Department of Education					
(1) Child and Adult Care Food Program	10.558	IRN-077909	10/01/18-09/30/19	\$ 0	\$ 620,884
(2) Child and Adult Care Food Program	10.558	IRN-077909	10/01/19-09/30/20	0	525,690
Total Federal Expenditures CFDA 10.558				0	1,146,574
TOTAL U.S. DEPARTMENT OF AGRICULTURE PROGRAMS				0	1,146,574
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed through Ohio Development Services Agency					
(3) HEAP Administrative Program	93.568	18-HA-115	09/01/17-08/31/18	0	0
(4) HEAP Administrative Program	93.568	19-HA-115	09/01/18-08/31/19	0	867,806
(5) HEAP Energy Assistance Program	93.568	19-HE-215	11/01/18-03/31/19	0	368,835
(6) HEAP Summer Cooling	93.568	19-HC-215	07/01/19-08/31/19	0	192,445
(7) HEAP Administrative Program	93.568	20-HA-115	09/01/19-08/31/20	0	569,862
(8) HEAP Energy Assistance Program	93.568	20-HE-215	11/01/19-03/31/20	0	511,527
(9) Percentage of Income Payment Plan Plus (PIPP)	93.568	18-PA-115	01/01/18-12/31/18	0	0
(10) Percentage of Income Payment Plan Plus (PIPP)	93.568	19-PA-115	01/01/19-12/31/19	0	102,117
(11) Percentage of Income Payment Plan Plus (PIPP)	93.568	20-PA-115	01/01/20-12/31/20	0	8,264
Total Federal Expenditures CFDA 93.568				0	2,620,856
Passed through Ohio Development Services Agency					
(12) Community Services Block Grant	93.569	18-1916	01/01/18-12/31/19	0	3,098,120
(13) Community Services Block Grant	93.569	20-2116	01/01/20-12/31/21	0	225,826
Total Federal Expenditures CFDA 93.569				0	3,323,946
Passed through Ohio Child Care Resource and Referral Association					
(14) Step to Quality IX	93.575	N/A	02/01/19-01/31/20	0	0
Total Federal Expenditures - CCDF Cluster				0	0
Direct Funding					
(15) Head Start/Early Head Start Program	93.600	05CH010828-01	02/01/19-01/31/20	0	25,543,762
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				0	31,488,564
TOTAL FEDERAL EXPENDITURES				\$ 0	\$ 32,635,138

Council for Economic Opportunities in Greater Cleveland

Schedule B-2

Schedule of Expenditures of Federal Awards and List of Programs

Year Ended January 31, 2020

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Program Year
STATE AND LOCAL PROGRAMS			
Passed through Ohio Department of Education			
(16) Universal Pre-Kindergarten 2.0-1	N/A	N/A	08/01/17-07/31/18
(17) Universal Pre-Kindergarten 2.0-2	N/A	N/A	08/01/18-07/31/19
(18) Universal Pre-Kindergarten 2.0-3	N/A	N/A	08/01/19-07/31/20
(19) Ohio Head Start Program	N/A	IRN-77909-03/04	Ended in Prior Year
Passed through First Energy Company			
(20) Fuel Fund IV and VI	N/A	N/A	01/01/18-12/31/18
(21) Fuel Fund VII	N/A	N/A	01/01/19-12/31/19
(22) Fuel Fund VIII	N/A	N/A	01/01/20-12/31/20
Passed through Early Childhood			
(23) Early Childhood Education VI	N/A	N/A	07/01/18-06/30/19
(24) Early Childhood Education VII	N/A	N/A	07/01/19-06/30/20
Passed through George Gund Foundation			
(25) Update the Plate - L. Stokes Grant	N/A	N/A	Ended in Prior Year
Passed through First Energy Company			
(26) First Energy Service Grant - 2019	N/A	N/A	01/01/19-12/31/19
(27) First Energy Service Grant - 2020	N/A	N/A	01/01/20-12/31/20
Passed through Cleveland Foundation			
(28) Cleveland Foundation	N/A	249891	12/01/17-08/31/20
Passed through Cuyahoga County Board of Health			
(29) Garden Grant	N/A	N/A	Ended in Prior Year
Passed through United Way of Greater Cleveland			
(30) United Way Services - EHS	N/A	N/A	07/01/18-06/30/19
(31) United Way Services - EHS	N/A	N/A	07/01/19-06/30/20
OTHER PROGRAM ACTIVITY			
(32) Grant-Funded Equipment Fund	N/A	N/A	Ongoing
(33) Direct Cost Pool	N/A	N/A	Ongoing
(34) Indirect Costs	N/A	N/A	Ongoing
(35) Eliminate Non-GAAP In Kind	N/A	N/A	Ongoing
(36) Rent Holiday	N/A	N/A	Ongoing
(37) Corporate Activity	N/A	N/A	Ongoing

Council for Economic Opportunities in Greater Cleveland

Schedule B-3

Schedule of Expenditures of Federal Awards and List of Programs

Year Ended January 31, 2020

Notes to the Schedule of Expenditures of Federal Awards and List of Programs

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards and list of programs (the "Schedule") includes the federal award activity of Council for Economic Opportunities in Greater Cleveland under programs of the federal government for the year ended January 31, 2020. 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 Council for Economic Opportunities in Greater Cleveland, it is not intended to and does not present the financial position, changes in net assets or cash flows of Council for Economic Opportunities in Greater Cleveland.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 - Indirect Cost

Council for Economic Opportunities in Greater Cleveland has an approved Indirect Cost Rate and therefore has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

Board of Directors
Council for Economic Opportunities in Greater Cleveland
Cleveland, Ohio

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 Council for Economic Opportunities in Greater Cleveland (a nonprofit organization), which comprise the statement of financial position as of January 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 24, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Council for Economic Opportunities in Greater Cleveland's internal control over financial reporting (“internal control”) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Council for Economic Opportunities in Greater Cleveland's internal control. Accordingly, we do not express an opinion on the effectiveness of Council for Economic Opportunities in Greater Cleveland’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 the attention of those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Council for Economic Opportunities in Greater Cleveland'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Handwritten signature of Wipfli LLP in cursive script.

Wipfli LLP

September 24, 2020
Madison, Wisconsin

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

Board of Directors
Council for Economic Opportunities in Greater Cleveland
Cleveland, Ohio

Report on Compliance for Each Major Federal Program

We have audited Council for Economic Opportunities in Greater Cleveland's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Council for Economic Opportunities in Greater Cleveland's major federal programs for the year ended January 31, 2020. Council for Economic Opportunities in Greater Cleveland'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 Council for Economic Opportunities in Greater Cleveland'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 Council for Economic Opportunities in Greater Cleveland'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 Council for Economic Opportunities in Greater Cleveland's compliance.

Opinion

In our opinion, Council for Economic Opportunities in Greater Cleveland 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 January 31, 2020.

Report on Internal Control Over Compliance

Management of Council for Economic Opportunities in Greater Cleveland 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 Council for Economic Opportunities in Greater Cleveland'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 Council for Economic Opportunities in Greater Cleveland'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 deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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


Wipfli LLP

September 24, 2020
Madison, Wisconsin

Council for Economic Opportunities in Greater Cleveland

Schedule of Findings and Questioned Costs
Year Ended January 31, 2020

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?	No
Noncompliance material to financial statements noted?	No

Federal Awards

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

Identification of major federal programs:

<u>Name of Federal Major Program or Cluster</u>	<u>CFDA No.</u>
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- **U.S. Department of Health and Human Services**

Low-income Home Energy Assistance Program	93.568
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Community Services Block Grant Program	93.569
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Head Start Program	93.600
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Dollar threshold used to distinguish between Type A and Type B programs:	\$979,054
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Auditee qualified as low-risk auditee?	Yes
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Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Council for Economic Opportunities in Greater Cleveland

Schedule of Findings and Questioned Costs
Year Ended January 31, 2020

Section IV - Summary of Prior Year Findings

2019-001 EARMARKING – FUNDED ENROLLMENT

Department of Health and Human Services

Head Start – CFDA #93.600, Grant #05CH8334/06, Grant period February 1, 2018 through January 31, 2019

Questioned Costs: None

Summary of Finding

During our 2019 audit, Wipfli LLP reported a finding that Council for Economic Opportunities in Greater Cleveland's (CEOGC) was under enrolled in the Head Start program.

This was a repeat finding, it was reported in the prior 5 audits as Finding 2017-001, 2016-002, 2015-001, 2014-001, 2013-001.

Status of Prior Year Finding

Council for Economic Opportunities in Greater Cleveland was able to attain full enrollment in September 2019 and was able to retain the required level of enrollment for 6 months (February 2020) as required by HHS. Therefore, the finding, 2019-001, has been resolved.