

**Council for Economic Opportunities in
Greater Cleveland**

Cleveland, Ohio

Financial Statements and Supplementary Information
Year Ended January 31, 2018

Council for Economic Opportunities in Greater Cleveland

Financial Statements and Supplementary Information
Year Ended January 31, 2018

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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, 2018, and the related statements of activities, 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, 2018, 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 October 4, 2018, 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

October 4, 2018
Madison, Wisconsin

Council for Economic Opportunities in Greater Cleveland

Statement of Financial Position

January 31, 2018

<i>Assets</i>	
Current assets:	
Cash	\$ 431,585
Grants receivable	3,499,629
Accounts receivable	37,540
Prepaid expenses	190,063
Total current assets	4,158,817
Property and equipment, net	4,673,373
TOTAL ASSETS	\$ 8,832,190

<i>Liabilities and Net Assets</i>	
Current liabilities:	
Accounts payable	\$ 1,320,387
Accrued payroll and related expenses	570,689
Accrued vacation	552,769
Grant funds received in advance	1,000,196
Total liabilities	3,444,041
Net assets:	
Unrestricted	803,080
Temporarily restricted - Grant-funded fixed assets	4,585,069
Total net assets	5,388,149
TOTAL LIABILITIES AND NET ASSETS	\$ 8,832,190

Council for Economic Opportunities in Greater Cleveland

Statement of Activities

Year Ended January 31, 2018

	Unrestricted	Temporarily Restricted	Total
Revenue:			
Grant and contract revenue	\$ 33,337,930	\$ 105,370	\$ 33,443,300
Child care service fees	686,489	0	686,489
Other income	425,336	0	425,336
In-kind contributions	6,354,195	0	6,354,195
Net assets released from restriction through satisfaction of program restrictions	544,456	(544,456)	0
Total revenue	41,348,406	(439,086)	40,909,320
Expenses:			
Salaries/wages	15,819,509	0	15,819,509
Fringe benefits	5,554,581	0	5,554,581
Contractual	3,897,768	0	3,897,768
Travel	278,352	0	278,352
Space costs	2,300,257	0	2,300,257
Supplies/food	1,458,660	0	1,458,660
Energy and other assistance payments	2,074,184	0	2,074,184
Other	2,699,601	0	2,699,601
Depreciation expense	554,603	0	554,603
In-kind expenses	6,354,195	0	6,354,195
Total expenses	40,991,710	0	40,991,710
Change in net assets	356,696	(439,086)	(82,390)
Net assets - Beginning of the year	446,384	5,024,155	5,470,539
Net assets - End of the year	\$ 803,080	\$ 4,585,069	\$ 5,388,149

Council for Economic Opportunities in Greater Cleveland

Statement of Cash Flows

Year Ended January 31, 2018

Increase (decrease) in cash:	
Cash flows from operating activities:	
Change in net assets	(\$ 82,390)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	554,603
Loss on disposal of equipment	2,392
Changes in operating assets and liabilities:	
Grants receivable	(2,022,987)
Accounts receivable	40,381
Prepaid expenses	66,671
Accounts payable	431,973
Accrued payroll and related expenses	(128,059)
Accrued vacation	(21,380)
Grant funds received in advance	49,157
Net cash used in operating activities	(1,109,639)
Cash flows from investing activities:	
Purchase of property and equipment	(125,430)
Net cash used in investing activities	(125,430)
Change in cash	(1,235,069)
Cash - Beginning of the year	1,666,654
Cash - End of the year	\$ 431,585

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 72% 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, expenses, 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:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations or where donor imposed stipulations are met in the year of the contribution.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of CEOGC and/or the passage of time. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If a restriction is satisfied in the year of contribution, the contribution is recorded as unrestricted revenue.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by CEOGC. Generally, the donors of these assets permit CEOGC to use all or part of the income earned on any related investments for general or specific purposes. Currently, CEOGC does not have any permanently restricted net assets.

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.

Council for Economic Opportunities in Greater Cleveland

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to CEOGC that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restriction. If the restriction is met on a contribution in the year the contribution is received, the contribution is reported as unrestricted revenue.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

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 allowable expenses or asset acquisition costs are incurred. Amounts received in excess of expenses or asset acquisitions are reflected as grant funds received in advance.

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.

Accounts Receivable

Accounts receivable consist primarily of rebates and amounts billed to Cuyahoga County under contracts for child care services and are recorded as child care service fees in the Head Start program. 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.

Council for Economic Opportunities in Greater Cleveland

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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

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 restricted for use in specific programs operated by CEOGC.

CEOGC has adopted a policy of implying a time restriction on assets purchased with grant award contributions. Grant-funded property and equipment are recorded as restricted support. As the property and equipment are depreciated, the temporarily restricted net assets are released from restriction and reported in the statement of activities as net assets released from restriction.

In-Kind Contributions

CEOGC records in-kind contributions for space, donated materials, and professional services in the statement of activities that create or enhance a nonfinancial asset or require specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. The in-kind recorded on the statement of activities 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 \$279,660 for its Head Start program which are not recorded in the statement of activities.

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.

Council for Economic Opportunities in Greater Cleveland

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Cost Allocation

In accordance with the indirect cost rate approved by the Department of Health and Human Services (DHHS), CEOGC accumulates indirect administrative costs in an indirect cost pool and allocates these costs to programs based on each program's portion of direct personnel to total agency direct personnel costs. Indirect administrative costs are those costs incurred for the common benefit of all agency programs that cannot be readily identified with a final cost objective.

Subsequent Events

Subsequent events have been evaluated through October 4, 2018, which is the date the financial statements were available to be issued.

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. In addition, balances are collateralized with securities held by the pledging financial institution's trust department as part of the public deposit pool. The public deposit pool is required to collateralize 105% of the deposit balance. In addition, management believes this financial institution has a strong credit rating and credit risk related to their deposits is minimal.

Note 3: Grants Receivable

Grants receivable of \$3,499,629 at January 31, 2018, consisted of \$2,508,238 from federal programs, \$622,888 from state programs and \$368,503 from local programs.

Note 4: Property and Equipment

A summary of property and equipment as of January 31, 2018, is as follows:

	Temporarily Restricted	Unrestricted	Totals
Buildings	\$ 9,406,916	\$ 60,942	\$ 9,467,858
Buildings renovations	1,817,310	0	1,817,310
Vehicles/equipment	1,692,002	131,443	1,823,445
Total cost	12,916,228	192,385	13,108,613
Accumulated depreciation	(8,331,159)	(104,081)	(8,435,240)
Property and equipment, net	\$ 4,585,069	\$ 88,304	\$ 4,673,373

Council for Economic Opportunities in Greater Cleveland

Notes to Financial Statements

Note 5: Grants Funds Received in Advance

Amounts received on cost reimbursement contracts in excess of expenses or asset acquisition are reflected as grant funds received in advance. Grants funds received in advance at January 31, 2018, 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
HEAP Energy Assistance Program 18-HA-115	Ohio Development Services Agency	09/01/17-08/31/18	92,346
HEAP Energy Assistance Program 18-HE-215	Ohio Development Services Agency	11/01/17-03/31/18	222,906
Percentage of Income Payment Plan Program Plus (PIPP) 17-PA-115	Ohio Development Services Agency	01/01/17-12/31/17	69,428
Community Services Block Grant Program 18-1916	Ohio Development Services Agency	01/01/18-12/31/18	37,302
Universal Pre-Kindergarten (2)	Ohio Department of Education	Ongoing	24,587
Update the Plate	George Gund Foundation	Ended in a prior period	751
Cleveland Foundation	Cleveland Foundation	12/01/17-05/31/19	66,667
First Energy Service Contract	First Energy	01/01/17-12/31/18	341,939
Total			\$ 1,000,196

Note 6: Operating Lease Agreements

CEOGC leases various facilities for operation of its programs. Lease expense for the year ended January 31, 2018, was \$1,554,309. CEOGC has one lease with a renewal option for up to an additional 20 years (4 5-year renewal terms). The future minimum lease obligations under these leases are as follows:

2019	\$ 1,190,087
2020	1,463,065
2021	1,276,945
2022	1,162,745
2023	1,150,245
Thereafter	610,000
Total	\$ 6,853,087

Council for Economic Opportunities in Greater Cleveland

Notes to Financial Statements

Note 7: 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, 2018, were \$925,033.

Note 8: Functional Classification of Expenses

The following program and supporting services are reflected in the statement of activities for the year ended January 31, 2018:

Federal, state, and local programs:

Child education	\$ 28,653,624
Community service programs	4,639,326
Energy assistance	2,869,503
Food programs	1,002,047
Other	66,096
<hr/> Total program activities	<hr/> 37,230,596
Management and general expenses	3,717,814
<u>Fund-raising</u>	<u>43,300</u>
<hr/> <hr/> Total expenses	<hr/> <hr/> \$ 40,991,710

Note 9: Grant Awards

At January 31, 2018, CEOGC had commitments under various grant awards of approximately \$10,700,000. 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.

Supplementary Information

Council for Economic Opportunities in Greater Cleveland

Schedule A-1

Schedule of Program Activity

Year Ended January 31, 2018

	FEDERAL PROGRAMS								
	Department of Agriculture				Department of Health and Human Services				
	10.558				93.558	93.568			
	Total	Child Care Food Program 2016/2017 (1)	Child Care Food Program 2017/2018 (2)	10.558 Subtotal	Responsible Fatherhood (3)	HEAP Admin. Program 18-HA-115 (4)	HEAP Energy Asst. Program 18-HE-215 (5)	HEAP Summer Cooling 17-HC-215 (6)	HEAP Admin. Program 17-HA-115 (7)
REVENUE									
Grant and Contract Revenue									
Prior year's grant funds received in advance	\$ 951,039	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 111,224
Current year awards	33,493,167	656,440	415,201	1,071,641	2,499	547,298	1,000,000	294,858	703,773
Funds repaid/deobligated	(710)	0	0	0	0	0	0	0	0
Grant funds received in advance	(1,000,196)	0	0	0	0	(92,346)	(222,906)	0	0
Total grant and contract revenue	33,443,300	656,440	415,201	1,071,641	2,499	454,952	777,094	294,858	814,997
Transfers	0	0	0	0	0	0	0	0	0
Donations	2,783	0	0	0	0	0	0	0	0
Child care service fees	686,489	0	0	0	0	0	0	0	0
Other income	422,553	0	0	0	0	0	0	0	0
In-kind contributions	6,354,195	0	0	0	0	0	0	0	0
Total Revenue	40,909,320	656,440	415,201	1,071,641	2,499	454,952	777,094	294,858	814,997
EXPENSES									
Salaries/wages	15,819,509	162,397	73,280	235,677	0	273,899	0	0	380,355
Fringe benefits	5,554,581	87,080	18,023	105,103	0	34,428	0	0	216,068
Contractual	3,897,768	0	0	0	0	27,063	0	0	12,608
Travel	278,352	0	0	0	0	196	0	0	2,095
Space costs/property acquisition	2,300,257	0	0	0	0	9,837	0	0	19,648
Supplies/food	1,458,660	355,628	305,016	660,644	0	3,749	0	0	926
Energy and other assistance payments	2,074,184	0	0	0	0	0	777,094	294,858	0
Indirect costs	0	50,304	18,489	68,793	0	62,436	0	0	120,722
Other	2,699,601	1,031	393	1,424	2,499	43,344	0	0	62,575
Depreciation expense	554,603	0	0	0	0	0	0	0	0
In-kind expenses	6,354,195	0	0	0	0	0	0	0	0
Total Expenses	40,991,710	656,440	415,201	1,071,641	2,499	454,952	777,094	294,858	814,997
Change in Net Assets	(82,390)	0	0	0	0	0	0	0	0
Net assets - Beginning of the Year	5,470,539	0	0	0	0	0	0	0	0
NET ASSETS - End of the Year	\$ 5,388,149	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Council for Economic Opportunities in Greater Cleveland

Schedule A-2

Schedule of Program Activity

Year Ended January 31, 2018

	FEDERAL PROGRAMS								
	Department of Health and Human Services								
	93.568			93.569			93.575		
	HEAP Energy Asst. Program 17-HE-215 (8)	Percentage of Income Payment Plan 17-PA-115 (9)	93.568 Subtotal	Community Services Block Grant 18-1916 (10)	Community Services Block Grant 16-1718 (11)	93.569 Subtotal	Step Up to Quality V (12)	Step Up to Quality VII (13)	Step Up to Quality VIII (14)
REVENUE									
Grant and Contract Revenue									
Prior year's grant funds received in advance	\$ 275,471	\$ 0	\$ 386,695	\$ 0	\$ 0	\$ 0	\$ 703	\$ 8,688	\$ 0
Current year awards	422,596	86,771	3,055,296	218,959	3,298,642	3,517,601	0	(2,240)	15,750
Funds repaid/deobligated	0	0	0	0	0	0	(703)	0	0
Grant funds received in advance	0	(69,428)	(384,680)	(37,302)	0	(37,302)	0	0	0
Total grant and contract revenue	698,067	17,343	3,057,311	181,657	3,298,642	3,480,299	0	6,448	15,750
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	2,544	2,544	0	0	0
In-kind contributions	0	0	0	0	0	0	0	0	0
Total Revenue	698,067	17,343	3,057,311	181,657	3,301,186	3,482,843	0	6,448	15,750
EXPENSES									
Salaries/wages	0	11,273	665,527	123,022	1,330,271	1,453,293	0	0	0
Fringe benefits	0	1,016	251,512	(45,430)	621,971	576,541	0	0	0
Contractual	0	0	39,671	9,326	136,354	145,680	0	0	0
Travel	0	0	2,291	4,269	27,588	31,857	0	0	0
Space costs/property acquisition	0	0	29,485	32,424	255,734	288,158	0	0	0
Supplies/food	0	2,566	7,241	7,604	36,686	44,290	0	6,448	11,500
Energy and other assistance payments	698,067	0	1,770,019	16,758	259,333	276,091	0	0	0
Indirect costs	0	2,488	185,646	15,712	395,032	410,744	0	0	0
Other	0	0	105,919	17,972	238,217	256,189	0	0	4,250
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	698,067	17,343	3,057,311	181,657	3,301,186	3,482,843	0	6,448	15,750
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

Council for Economic Opportunities in Greater Cleveland

Schedule A-3

Schedule of Program Activity

Year Ended January 31, 2018

	FEDERAL			STATE AND LOCAL PROGRAMS					
	Dept. of Health & Human Services		TOTAL FEDERAL PROGRAMS	Minority Health Month 17-04	Pre-Kindergarten Classroom Setup (PRE4CLE)	Universal Pre- Kindergarten (UPK)	Universal Pre- Kindergarten (UPK-2)	Universal Pre- Kindergarten (UPK-3)	Universal Pre- Kindergarten (UPK-2.0-1)
	93.575	93.600							
	93.575 Subtotal	Head Start 05CH8334/05 (15)		(16)	(17)	(18)	(19)	(20)	(21)
REVENUE									
Grant and Contract Revenue									
Grant funds received in advance	\$ 9,391	\$ 0	\$ 396,086	\$ 0	\$ 7	\$ 248,349	\$ 36,576	\$ 0	\$ 0
Current year awards	13,510	23,990,644	31,651,191	2,554	0	(21,567)	201,307	255,765	274,504
Funds repaid/deobligated	(703)	0	(703)	0	(7)	0	0	0	0
Grant funds received in advance	0	0	(421,982)	0	0	0	(24,587)	0	0
Total grant and contract revenue	22,198	23,990,644	31,624,592	2,554	0	226,782	213,296	255,765	274,504
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	686,489	686,489	0	0	0	0	0	0
Other income	0	0	2,544	0	0	0	0	0	0
In-kind contributions	0	6,633,855	6,633,855	0	0	0	0	0	0
Total Revenue	22,198	31,310,988	38,947,480	2,554	0	226,782	213,296	255,765	274,504
EXPENSES									
Salaries/wages	0	10,509,522	12,864,019	0	0	0	117,741	119,712	77,108
Fringe benefits	0	3,588,281	4,521,437	0	0	0	49,672	42,943	22,989
Contractual	0	3,130,147	3,315,498	0	0	0	0	0	0
Travel	0	176,304	210,452	0	0	0	0	0	0
Space costs/property acquisition	0	1,881,516	2,199,159	0	0	226,782	0	0	0
Supplies/food	17,948	846,897	1,577,020	590	0	0	6,047	10,358	0
Energy and other assistance payments	0	0	2,046,110	0	0	0	0	0	0
Indirect costs	0	2,854,805	3,519,988	0	0	0	33,901	32,938	20,270
Other	4,250	1,689,661	2,059,942	1,964	0	0	5,935	49,814	154,137
Depreciation expense	0	0	0	0	0	0	0	0	0
In-kind expenses	0	6,633,855	6,633,855	0	0	0	0	0	0
Total Expenses	22,198	31,310,988	38,947,480	2,554	0	226,782	213,296	255,765	274,504
Change in Net Assets									
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

Council for Economic Opportunities in Greater Cleveland

Schedule A-4

Schedule of Program Activity

Year Ended January 31, 2018

	STATE AND LOCAL PROGRAMS								
	Ohio Head Start Program IRN- 77909-03/04 (22)	First Energy Fuel Fund 5 (23)	First Energy Fuel Fund 6 (24)	Early Childhood Education (ECE) IV (25)	Early Childhood Education (ECE) V (26)	Temporary Assistance for Needy Families (27)	Update the Plate L. Stokes Grant (28)	First Energy Service Grant 2017 (29)	First Energy Service Grant 2018 (30)
REVENUE									
Grant and Contract Revenue									
Grant funds received in advance	\$ 144,270	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 751	\$ 125,000	\$ 0
Current year awards	0	69,500	892	331,618	135,592	25,144	0	375,000	125,000
Funds repaid/deobligated	0	0	0	0	0	0	0	0	0
Grant funds received in advance	(144,270)	0	0	0	0	0	(751)	(241,053)	(100,886)
Total grant and contract revenue	0	69,500	892	331,618	135,592	25,144	0	258,947	24,114
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	0	69,500	892	331,618	135,592	25,144	0	258,947	24,114
EXPENSES									
Salaries/wages	0	0	0	192,338	86,029	0	0	116,178	19,125
Fringe benefits	0	0	0	90,516	19,649	0	0	22,814	97
Contractual	0	1,481	702	0	0	0	0	50,491	0
Travel	0	4,232	26	0	0	0	0	0	0
Space costs/property acquisition	0	27,667	0	0	0	0	0	87	0
Supplies/food	0	10,897	0	0	0	0	0	2,828	0
Energy and other assistance payments	0	0	0	0	0	25,144	0	0	0
Indirect costs	0	0	0	48,764	29,914	0	0	28,146	3,893
Other	0	25,223	164	0	0	0	0	38,403	999
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	0	69,500	892	331,618	135,592	25,144	0	258,947	24,114
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

Council for Economic Opportunities in Greater Cleveland

Schedule A-5

Schedule of Program Activity

Year Ended January 31, 2018

	STATE AND LOCAL PROGRAMS		OTHER					TOTAL PROGRAMS	Corporate Activity
	Cleveland Foundation Grant (31)	Total State and Local Programs	Grant-Funded Equipment Fund (32)	Direct Cost Pools (33)	Indirect Costs (34)	Eliminate Non-GAAP In Kind (35)			
REVENUE									
Grant and Contract Revenue									
Grant funds received in advance	\$ 0	\$ 554,953	\$ 0	\$ 0	\$ 0	\$ 0	\$ 951,039	\$ 0	
Current year awards	66,667	1,841,976	0	0	0	0	33,493,167	0	
Funds repaid/deobligated	0 (	7)	0	0	0	0	(710)	0
Grant funds received in advance	(66,667)	(578,214)	0	0	0	0	(1,000,196)	0	
Total grant and contract revenue	0	1,818,708	0	0	0	0	33,443,300	0	
Transfers	0	0	0	0	0	0	0	0	
Donations	0	0	0	0	0	0	0	2,783	
Child care service fees	0	0	0	0	0	0	686,489	0	
Other income	0	0	0	0	0	0	2,544	420,009	
In-kind contributions	0	0	0	0	0	(279,660)	6,354,195	0	
Total Revenue	0	1,818,708	0	0	0	(279,660)	40,486,528	422,792	
EXPENSES									
Salaries/wages	0	728,231	0	646,502	1,580,187	0	15,818,939	570	
Fringe benefits	0	248,680	0	229,971	555,915	0	5,556,003	(1,422)	
Contractual	0	52,674 (	6,232)	49,087	473,391	0	3,884,418	13,350
Travel	0	4,258	0	2,124	61,558	0	278,392	(40)	
Space costs/property acquisition	0	254,536 (	89,080)	(378,764)	313,987	0	2,299,838	419
Supplies/food	0	30,720 (	12,450)	(221,773)	82,483	0	1,456,000	2,660
Energy and other assistance payments	0	25,144	0	0	0	0	2,071,254	2,930	
Indirect costs	0	197,826	0	0	(3,717,814)	0	0	0	
Other	0	276,639	2,392 (	327,147)	650,293	0	2,662,119	37,482
Depreciation expense	0	0	544,456	0	0	0	544,456	10,147	
In-kind expenses	0	0	0	0	0	(279,660)	6,354,195	0	
Total Expenses	0	1,818,708	439,086	0	0	(279,660)	40,925,614	66,096	
Change in Net Assets	0	0	(439,086)	0	0	0	(439,086)	356,696	
Net assets - Beginning of the Year	0	0	5,024,155	0	0	0	5,024,155	446,384	
NET ASSETS - End of the Year	\$ 0	\$ 0	\$ 4,585,069	\$ 0	\$ 0	\$ 0	\$ 4,585,069	\$ 803,080	

Council for Economic Opportunities in Greater Cleveland

Schedule B-1

Schedule of Expenditures of Federal Awards and List of Programs

Year Ended January 31, 2018

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Program Year	Passed Through to 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	10/01/16-09/30/17	\$ 0	\$ 656,440
(2) Child and Adult Care Food Program	10.558	IRN-077909	10/01/17-09/30/18	0	415,201
Total Federal Expenditures CFDA 10.558				0	1,071,641
TOTAL U.S. DEPARTMENT OF AGRICULTURE PROGRAMS				0	1,071,641
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed through Ohio Department of Job and Family Services					
(3) Responsible Fatherhood	93.558	G-1617-17-1159	05/01/17-06/30/17	0	2,499
Total Federal Expenditures CFDA 93.558 TANF Cluster				0	2,499
Passed through Ohio Development Services Agency					
(4) HEAP Administrative Program	93.568	18-HA-115	09/01/17-08/31/18	0	454,952
(5) HEAP Energy Assistance Program	93.568	18-HE-215	11/01/17-03/31/18	0	777,094
(6) HEAP Summer Cooling	93.568	17-HC-215	07/01/16-08/31/17	0	294,858
(7) HEAP Administrative Program	93.568	17-HA-115	09/01/16-08/31/17	0	814,997
(8) HEAP Energy Assistance Program	93.568	17-HE-215	11/01/16-03/31/17	0	698,067
(9) Percentage of Income Payment Plan Plus (PIPP)	93.568	17-PA-115	01/01/17-12/31/17	0	17,343
Total Federal Expenditures CFDA 93.568				0	3,057,311
Passed through Ohio Development Services Agency					
(10) Community Services Block Grant	93.569	18-1916	01/01/18-12/31/19	0	181,657
(11) Community Services Block Grant	93.569	16-1718	01/01/16-12/31/17	0	3,298,642
Total Federal Expenditures CFDA 93.569				0	3,480,299
Passed through Ohio Child Care Resource and Referral Association					
(13) Step Up to Quality VII	93.575	N/A	Ongoing	0	6,448
(14) Step Up to Quality VIII	93.575	N/A	02/01/17-01/31/18	0	15,750
Total Federal Expenditures CFDA 93.575				0	22,198
Total Federal Expenditures - CCDF Cluster				0	22,198
Direct Funding					
(15) Head Start/Early Head Start Program	93.600	05CH8334/05	02/01/17-01/31/18	0	23,990,644
Total Federal Expenditures CFDA 93.600				0	23,990,644
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				0	30,552,951
TOTAL FEDERAL EXPENDITURES				\$ 0	\$ 31,624,592

Council for Economic Opportunities in Greater Cleveland

Schedule B-2

Schedule of Expenditures of Federal Awards and List of Programs

Year Ended January 31, 2018

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Program Year</u>
STATE AND LOCAL PROGRAMS			
Passed through Commission on Minority Health			
(16) Minority Health Month	N/A	16-54	10/17/16-04/30/17
Passed through Ohio Department of Education			
(17) Pre-Kindergarten Classroom Start-up	N/A	N/A	Ended in Prior Year
(18) Universal Pre-Kindergarten	N/A	N/A	Ongoing
(19) Universal Pre-Kindergarten 2	N/A	N/A	Ongoing
(20) Universal Pre-Kindergarten 3	N/A	N/A	08/01/17-07/31/18
(21) Universal Pre-Kindergarten 2.01	N/A	N/A	08/01/17-07/31/18
(22) Ohio Head Start Program	N/A	IRN-77909-03/04	Ended in Prior Year
Passed through First Energy			
(23) Fuel Fund V	N/A	N/A	01/01/17-12/31/17
(24) Fuel Fund VI	N/A	N/A	01/01/18-12/31/18
Passed through Early Childhood			
(25) Early Childhood Education IV	N/A	N/A	11/01/16-06/30/17
(26) Early Childhood Education V	N/A	N/A	08/01/17-06/30/18
Passed through Ohio Association of Community Action Agencies			
(27) Temporary Assistance for Needy Families	N/A	N/A	06/01/16-06/30/17
Passed through George Gund Foundation			
(28) Update the Plate - L. Stokes Grant	N/A	N/A	Ended in Prior Year
Passed through First Energy Company			
(29) First Energy Service Grant - 2017	N/A	N/A	01/01/17-12/31/17
(30) First Energy Service Grant - 2018	N/A	N/A	01/01/18-12/31/18
Passed through Cleveland Foundation			
(31) Cleveland Foundation	N/A	249891	12/01/17-05/31/19
OTHER PROGRAM ACTIVITY			
(32) Grant-Funded Equipment Fund	N/A	N/A	Ongoing
(33) Direct Cost Pool	N/A	N/A	Ongoing
(34) Indirect Direct Cost	N/A	N/A	Ongoing
(35) Eliminate Non-GAAP In Kind	N/A	N/A	Ongoing
(36) Rental Holiday	N/A	N/A	Ongoing
(37) Other 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, 2018

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, 2018. 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, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 4, 2018.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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* and 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.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, slightly slanted style.

Wipfli LLP

October 4, 2018
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, 2018. 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 Council for Economic Opportunities in Greater Cleveland's major federal program 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 the 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 its major federal program for the year ended January 31, 2018.

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on the major federal program is not modified with respect to this matter.

Council for Economic Opportunity in Greater Cleveland's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Council for Economic Opportunity in Greater Cleveland's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.


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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 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

October 4, 2018
Madison, Wisconsin

Council for Economic Opportunities in Greater Cleveland

Schedule of Findings and Questioned Costs
Year Ended January 31, 2018

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

Identification of major federal program:

<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**

Head Start Program	93.600
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Dollar threshold used to distinguish between Type A and Type B programs:	\$948,738
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Auditee qualified as low-risk auditee?	No
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Section II - Financial Statement Findings

None

Council for Economic Opportunities in Greater Cleveland

Schedule of Findings and Questioned Costs
Year Ended January 31, 2018

Section III - Federal Award Findings and Questioned Costs

2018-001 EARMARKING – FUNDED ENROLLMENT

Department of Health and Human Services

Head Start – CFDA #93.600, Grant #05CH8334/05, Grant period February 1, 2017 through January 31, 2018

Questioned Costs: None

Criteria

During our audit, Wipfli LLP reviewed Council for Economic Opportunities in Greater Cleveland’s (CEOGC) enrollment information for January 2018. Our testing included a count of all the children served under the Head Start program for the month of January 2018 and a comparison to funded enrollment. Based on the enrollment information provided to us, CEOGC did not maintain funded enrollment in the current year as indicated in the table below however, it should be noted that enrollment levels have improved from January 2017.

	<u>Head Start January 2017</u>	<u>Early Head Start January 2017</u>	<u>Total</u>
Funded enrollment	2,869	188	3,057
Actual enrollment	<u>2,212</u>	<u>164</u>	<u>2,376</u>
Under Enrolled	<u>(657)</u>	<u>(24)</u>	<u>(681)</u>

	<u>Head Start January 2018</u>	<u>Early Head Start January 2018</u>	<u>Total</u>
Funded enrollment	2,869	188	3,057
Actual enrollment	<u>2,657</u>	<u>188</u>	<u>2,845</u>
Under Enrolled	<u>(212)</u>	<u> 0</u>	<u>(212)</u>

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

Condition

According to 42 USC 9837(g) (The Head Start Act) “Each Head Start agency shall enroll 100 percent of its funded enrollment and maintain an active waiting list at all times with ongoing outreach to the community and activities to identify underserved populations.”

Cause

CEOGC was unable to enroll enough children in the Head Start program. Procedures should be in place that provides reasonable assurance that CEOGC complies with DHHS regulations regarding funded enrollment.

Council for Economic Opportunities in Greater Cleveland

Schedule of Findings and Questioned Costs
Year Ended January 31, 2018

Section III - Federal Award Findings and Questioned Costs (Continued)

2018-001 EARMARKING – FUNDED ENROLLMENT (Continued)

Effect

As a result of not ensuring that the minimum enrollment level for children was maintained, CEOGC was out of compliance with federal regulations and grant requirements.

Recommendation

We recommend that CEOGC continue their outreach efforts and monitor the enrollment levels to ensure compliance going forward.

View of Responsible Officials

CEOGC agrees with this finding and is working to increase enrollments levels.

Section IV - Summary of Prior Year Findings

2017-001 EARMARKING – FUNDED ENROLLMENT

Department of Health and Human Services

Head Start – CFDA #93.600, Grant #05CH8334/04, Grant period February 1, 2016 through January 31, 2017

Questioned Costs: None

Summary of Finding

During our 2017 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 4 audits as Finding 2016-002, 2015-001, 2014-001, 2013-001.

Status of Prior Year Finding

Council for Economic Opportunities in Greater Cleveland was not able to attain full enrollment in the current year. See current year finding at 2018-001.