

**Council for Economic Opportunities in
Greater Cleveland**

Cleveland, Ohio

Financial Statements and Supplementary Information
Year Ended January 31, 2019

Council for Economic Opportunities in Greater Cleveland

Financial Statements and Supplementary Information
Year Ended January 31, 2019

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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, 2019, 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, 2019, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, Council for Economic Opportunities in Greater Cleveland adopted the amendments in Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities – Presentation of Financial Statements for Not-for-Profit Entities*, as of and for the year ended January 31, 2019.

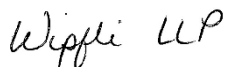
Other Matters

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 26, 2019, 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 26, 2019
Madison, Wisconsin

Council for Economic Opportunities in Greater Cleveland

Statement of Financial Position

January 31, 2019

<i>Assets</i>	
Current assets:	
Cash	\$ 1,212,782
Grants receivable	3,272,992
Accounts receivable	40,480
Prepaid expenses	254,830
Total current assets	4,781,084
Property and equipment, net	4,431,190
TOTAL ASSETS	\$ 9,212,274

<i>Liabilities and Net Assets</i>	
Current liabilities:	
Accounts payable	\$ 1,713,463
Accrued payroll and related expenses	609,254
Accrued vacation	554,271
Grant funds received in advance	1,173,948
Total liabilities	4,050,936
Long-term liabilities:	
Amortized rent obligation	374,090
Total long-term liabilities	374,090
Total liabilities	4,425,026
Net assets:	
Without donor restrictions	434,281
Without donor restrictions - Grant-funded fixed assets	4,352,967
Total net assets without donor restrictions	4,787,248
TOTAL LIABILITIES AND NET ASSETS	\$ 9,212,274

Council for Economic Opportunities in Greater Cleveland

Statement of Activities

Year Ended January 31, 2019

	Without Donor Restriction	With Donor Restriction	Total
Revenue:			
Grant and contract revenue	\$ 31,733,076	\$ 0	\$ 31,733,076
Child care service fees	287,420	0	287,420
Other income	14,200	0	14,200
In-kind contributions	6,560,604	0	6,560,604
Total revenue	38,595,300	0	38,595,300
Expenses:			
Program expenses			
Child education	27,349,995	0	27,349,995
Community service programs	4,288,674	0	4,288,674
Energy assistance	2,529,759	0	2,529,759
Food programs	1,071,648	0	1,071,648
Other	438,607	0	438,607
Total program expenses	35,678,683	0	35,678,683
Supporting expenses			
Management and general	3,491,860	0	3,491,860
Fund-raising	25,658	0	25,658
Total supporting expenses	3,517,518	0	3,517,518
Total expenses	39,196,201	0	39,196,201
Change in net assets	(600,901)	0	(600,901)
Net assets - Beginning of the year	803,080	4,585,069	5,388,149
Reclassification of net assets	4,585,069	(4,585,069)	0
Net assets - Beginning of the year, as restated	5,388,149	0	5,388,149
Net assets - End of the year	\$ 4,787,248	\$ 0	\$ 4,787,248

See accompanying notes to financial statements.

Council for Economic Opportunities in Greater Cleveland

Statement of Functional Expenses

Year Ended January 31, 2019

	Program Activities	Management & General	Fund-raising	Total
Expenses:				
Salaries/wages	\$ 13,680,205	\$ 1,588,367	\$ 18,584	\$ 15,287,156
Fringe benefits	4,722,747	509,207	6,691	5,238,645
Contractual	3,270,229	643,785	0	3,914,014
Travel	270,252	56,097	0	326,349
Space costs	2,081,035	394,318	0	2,475,353
Supplies/food	1,523,233	57,601	266	1,581,100
Energy and other assistance payments	1,474,028	0	0	1,474,028
Other	1,613,200	242,485	117	1,855,802
Depreciation expense	483,150	0	0	483,150
In-kind expenses	6,560,604	0	0	6,560,604
Total expenses	\$ 35,678,683	\$ 3,491,860	\$ 25,658	\$ 39,196,201

Council for Economic Opportunities in Greater Cleveland

Statement of Cash Flows

Year Ended January 31, 2019

Increase (decrease) in cash:

Cash flows from operating activities:

Change in net assets (\$ 600,901)

Adjustments to reconcile change in net assets
to net cash provided by operating activities:

Depreciation 483,150

Amortized rent obligation 374,090

Gain on disposal of equipment (8,505)

Changes in operating assets and liabilities:

Grants receivable 226,637

Accounts receivable (2,940)

Prepaid expenses (64,767)

Accounts payable 393,076

Accrued payroll and related expenses 38,565

Accrued vacation 1,502

Grant funds received in advance 173,752

Net cash provided by operating activities 1,013,659

Cash flows from investing activities:

Proceeds from sale of property and equipment 8,505

Purchase of property and equipment (240,967)

Net cash used in investing activities (232,462)

Change in cash 781,197

Cash - Beginning of the year 431,585

Cash - End of the year \$ 1,212,782

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 73% 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:

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.

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 are recognized when the donor makes a promise to give to CEOGC that is, in substance, unconditional. Contributions received are recorded as with or without donor restriction, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restriction are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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

Council for Economic Opportunities in Greater Cleveland

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

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 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. 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

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.

Council for Economic Opportunities in Greater Cleveland

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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 \$214,156 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. Occupancy and related costs are allocated based on square footage.

Change in Accounting Policy

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958)*. This ASU provides certain improvements in financial reporting for not-for-profit organizations and requires changes to net asset classification, enhancements to liquidity presentation and disclosures, presentation of an analysis of expenses by function and by nature, netting of investment expenses with return, among other changes. The guidance was adopted effective February 1, 2018.

Prior to the adoption of the ASU, CEOGC had a policy of implying a time restriction for property and equipment acquired with grant funds. Under the time restriction policy, the net asset value of property and equipment acquired with grant funds was reported as a temporarily restricted net asset. The ASU requires a placed-in-service approach in which net assets for property and equipment acquired with grant funds are reported as without donor restrictions. Accordingly, net assets with donor restrictions of \$4,585,069 were transferred to net assets without donor restrictions on January 1, 2018, on the consolidated statement of activities.

Council for Economic Opportunities in Greater Cleveland

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements

In 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 replaces the current revenue recognition requirements and most industry-specific guidance. When adopted, the amendments in this ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic entities for annual periods beginning after December 15, 2018.

In 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. ASU No. 2016-02 must be applied modified retrospectively.

On June 21, 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 this update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a transaction is conditional. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2018, for transactions in which the entity serves as the resource recipient and for fiscal years beginning after December 15, 2019, for transactions in which the entity services as the resource provider. Early application of the amendments in this update is permitted.

CEOGC is currently evaluating the impact of the provisions of these new accounting pronouncements.

Subsequent Events

Subsequent events have been evaluated through September 26, 2019, which is the date the financial statements were available to be issued.

Note 2: Grants Receivable

Grants receivable of \$3,272,992 at January 31, 2019, consisted of \$2,614,726 from federal programs, \$227,124 from state programs and \$431,142 from local programs.

Note 3: 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.

Council for Economic Opportunities in Greater Cleveland

Notes to Financial Statements

Note 4: Property and Equipment

A summary of property and equipment as of January 31, 2019, 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	1,944,213	131,509	2,075,722
Total cost	13,157,129	192,451	13,349,580
Accumulated depreciation	(8,804,162)	(114,228)	(8,918,390)
Property and equipment, net	\$ 4,352,967	\$ 78,223	\$ 4,431,190

Note 5: Grants Funds Received in Advance

Amounts received on cost reimbursement contracts in excess of expenses are reflected as grant funds received in advance. Grants funds received in advance at January 31, 2019, 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
HEAP Energy Assistance Program 19-HA-115	Ohio Development Services Agency	09/01/18-08/31/19	169,852
HEAP Energy Assistance Program 19-HE-215	Ohio Development Services Agency	11/01/18-03/31/19	182,230
HEAP Energy Assistance Program 18-HA-215	Ohio Development Services Agency	09/01/17-08/31/18	4,544
HEAP Energy Assistance Program 18-PA-215	Ohio Development Services Agency	01/01/18-12/31/18	53,243
Cleveland Foundation	Cleveland Foundation	12/01/17-05/31/19	153,125
Garden Grant	Cuyahoga County Board of Health	03/01/18-12/31/18	1,200
First Energy Fuel Fund VI	First Energy Company	01/01/18-12/31/18	899
First Energy Service Contract	First Energy Company	01/01/18-12/31/18	397,828
Update the Plate	George Gund Foundation	Ended in a prior yr	751
United Way	United Way of Greater Cleveland	07/01/18-06/30/19	24,997
Total			\$ 1,173,948

Council for Economic Opportunities in Greater Cleveland

Notes to Financial Statements

Note 6: Operating Lease Agreements

CEOGC leases various facilities and equipment for the operation of its programs. Lease expense for the year ended January 31, 2019, was \$1,521,402. 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:

2020	\$ 1,716,546
2021	1,554,715
2022	1,407,467
2023	1,374,049
2024	283,001
Thereafter	1,231,802
Total	<u>\$ 7,567,580</u>

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, 2019, 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 \$374,090. For the fiscal year ended January 31, 2020, the lease contains 2 additional months of free rent.

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, 2019, were \$1,065,133.

Note 8: Grant Awards

At January 31, 2019, CEOGC had commitments under various grant awards of approximately \$8,500,000. 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 9: 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, 2019, CEOGC has not drawn on the line of credit. As of January 31, 2019, the Prime Rate was 5.50%.

Note 10: 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, comprise the following as of January 31, 2019:

Cash	\$ 1,212,782
<u>Accounts and grants receivable, to be collected in less than one year</u>	<u>3,313,472</u>
Subtotal financial assets	4,562,254
Less: Current liabilities	(2,876,988)
<u>Less: Grant funds received in advance</u>	<u>(1,173,948)</u>
<u>Total financial assets available</u>	<u>\$ 511,318</u>

Council for Economic Opportunities in Greater Cleveland

Notes to Financial Statements

Note 10: Liquidity and Availability (Continued)

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 8).

Supplementary Information

Council for Economic Opportunities in Greater Cleveland

Schedule A-1

Schedule of Program Activity

Year Ended January 31, 2019

	FEDERAL PROGRAMS								
	Department of Agriculture				93.568				
	10.558			HEAP		HEAP		HEAP	
	Child Care Food Program	Child Care Food Program	10.558	HEAP Admin. Program	Energy Asst. Program	Summer Cooling	HEAP Admin. Program	Energy Asst. Program	
Total	2017/2018	2018/2019	Subtotal	18-HA-115	18-HE-215	18-HC-215	19-HA-115	19-HE-215	
	(1)	(2)		(3)	(4)	(5)	(6)	(7)	
REVENUE									
Grant and Contract Revenue									
Prior year's grant funds received in advance	\$ 1,000,196	\$ 0	\$ 0	\$ 0	\$ 92,346	\$ 222,906	\$ 0	\$ 0	\$ 0
Current year awards	31,976,256	737,070	401,124	1,138,194	630,884	404,199	213,173	704,993	720,000
Funds reprogrammed	0	0	0	0	0	0	0	0	0
Funds repaid/deobligated/reprogrammed	(69,428)	0	0	0	0	0	0	0	0
Grant funds received in advance	(1,173,948)	0	0	0	(4,544)	0	0	(169,852)	(182,230)
Total grant and contract revenue	31,733,076	737,070	401,124	1,138,194	718,686	627,105	213,173	535,141	537,770
Transfers	0	0	0	0	0	0	0	0	0
Donations	6,529	0	0	0	0	0	0	0	0
Child care service fees	287,420	0	0	0	0	0	0	0	0
Other income	7,671	0	0	0	0	0	0	0	0
In-kind contributions	6,560,604	0	0	0	0	0	0	0	0
Total Revenue	38,595,300	737,070	401,124	1,138,194	718,686	627,105	213,173	535,141	537,770
EXPENSES									
Salaries/wages	15,287,156	145,454	90,459	235,913	340,872	0	0	273,381	0
Fringe benefits	5,238,645	56,658	33,685	90,343	126,733	0	0	51,761	0
Contractual	3,914,014	0	0	0	17,282	0	0	22,833	0
Travel	326,349	0	0	0	3,343	0	0	2,042	0
Space costs	2,475,353	0	0	0	79,712	0	0	61,175	0
Supplies/food	1,581,100	493,442	251,422	744,864	1,418	0	0	1,567	0
Energy and other assistance payments	1,474,028	0	0	0	0	627,105	213,173	0	537,770
Indirect costs	0	40,928	25,139	66,067	90,146	0	0	65,841	0
Other	1,855,802	588	419	1,007	59,180	0	0	56,541	0
Depreciation expense	483,150	0	0	0	0	0	0	0	0
In-kind expenses	6,560,604	0	0	0	0	0	0	0	0
Total Expenses	39,196,201	737,070	401,124	1,138,194	718,686	627,105	213,173	535,141	537,770
Change in Net Assets	(600,901)	0	0	0	0	0	0	0	0
Net assets - Beginning of the Year	5,388,149	0	0	0	0	0	0	0	0
NET ASSETS - End of the Year	\$ 4,787,248	\$ 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, 2019

	FEDERAL PROGRAMS						TOTAL FEDERAL PROGRAMS
	Department of Health and Human Services						
	93.568			93.569		93.600	
	Percentage of Income Payment Plan 17-PA-115 (8)	Percentage of Income Payment Plan 18-PA-115 (9)	Percentage of Income Payment Plan 19-PA-115 (10)	93.568 Subtotal	Community Services Block Grant 18-1916 (11)	Head Start 05CH8334/06 (12)	
REVENUE							
Grant and Contract Revenue							
Prior year's grant funds received in advance	\$ 69,428	\$ 0	\$ 0	\$ 384,680	\$ 37,302	\$ 0	\$ 421,982
Current year awards	0	112,009	6,185	2,791,443	3,067,748	23,027,211	30,024,596
Funds reprogrammed	0	0	0	0	0	0	0
Funds repaid/deobligated/reprogrammed	(69,428)	0	0	(69,428)	0	0	(69,428)
Grant funds received in advance	0	(53,243)	0	(409,869)	0	0	(409,869)
Total grant and contract revenue	0	58,766	6,185	2,696,826	3,105,050	23,027,211	29,967,281
Transfers	0	0	0	0	0	0	0
Donations	0	0	0	0	0	0	0
Child care service fees	0	0	0	0	0	287,420	287,420
Other income	0	0	0	0	0	0	0
In-kind contributions	0	0	0	0	0	6,774,760	6,774,760
Total Revenue	0	58,766	6,185	2,696,826	3,105,050	30,089,391	37,029,461
EXPENSES							
Salaries/wages	0	37,280	4,338	655,871	1,343,300	9,937,704	12,172,788
Fringe benefits	0	6,367	805	185,666	424,676	3,493,668	4,194,353
Contractual	0	0	0	40,115	161,467	2,956,726	3,158,308
Travel	0	0	0	5,385	35,828	214,524	255,737
Space costs	0	3,543	0	144,430	433,324	1,676,927	2,254,681
Supplies/food	0	2,737	0	5,722	27,822	789,913	1,568,321
Energy and other assistance payments	0	0	0	1,378,048	92,780	0	1,470,828
Indirect costs	0	8,839	1,042	165,868	358,015	2,719,853	3,309,803
Other	0	0	0	115,721	227,838	1,525,316	1,869,882
Depreciation expense	0	0	0	0	0	0	0
In-kind expenses	0	0	0	0	0	6,774,760	6,774,760
Total Expenses	0	58,766	6,185	2,696,826	3,105,050	30,089,391	37,029,461
Change in Net Assets	0	0	0	0	0	0	0
Net assets - Beginning of the Year	0	0	0	0	0	0	0
NET ASSETS - End of the Year	\$ 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, 2019

STATE AND LOCAL PROGRAMS

	Minority Health Month 18-24 (13)	Universal Pre- Kindergarten (UPK-2) (14)	Universal Pre- Kindergarten (UPK-3) (15)	Universal Pre- Kindergarten (UPK-2.0-1) (16)	Universal Pre- Kindergarten (UPK-2.0-2) (17)	Ohio Head Start Program IRN- 77909-03/04 (18)	First Energy Fuel Fund 6 (19)	First Energy Fuel Fund 7 (20)	Early Childhood Education (ECE) V (21)
REVENUE									
Grant and Contract Revenue									
Prior year's grant funds received in advance	\$ 0	\$ 24,587	\$ 0	\$ 0	\$ 0	\$ 144,270	\$ 0	\$ 0	\$ 0
Current year awards	1,193	0	184,913	289,325	245,256	0	68,608	2,140	199,300
Funds reprogrammed	0	0	0	0	0	0	0	0	0
Funds repaid/deobligated/reprogrammed	0	0	0	0	0	0	0	0	0
Grant funds received in advance	0	0	0	(41,009)	0	(144,270)	(899)	0	0
Total grant and contract revenue	1,193	24,587	184,913	248,316	245,256	0	67,709	2,140	199,300
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	1,193	24,587	184,913	248,316	245,256	0	67,709	2,140	199,300
EXPENSES									
Salaries/wages	0	0	98,478	129,580	165,508	0	0	0	114,321
Fringe benefits	0	0	49,894	60,738	38,447	0	0	0	40,226
Contractual	0	0	0	0	0	0	2,188	937	0
Travel	0	0	279	0	0	0	3,859	0	0
Space costs	0	0	0	0	0	0	16,646	301	0
Supplies/food	0	19,777	6,217	13,890	0	0	14,629	0	21,971
Energy and other assistance payments	0	0	0	0	0	0	0	0	0
Indirect costs	0	0	30,045	38,539	41,301	0	0	0	22,782
Other	1,193	4,810	0	5,569	0	0	30,387	902	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	1,193	24,587	184,913	248,316	245,256	0	67,709	2,140	199,300
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-4

Schedule of Program Activity

Year Ended January 31, 2019

STATE AND LOCAL PROGRAMS									
	Early Childhood Education (ECE) VI (22)	Update the Plate L. Stokes Grant (23)	First Energy Service Grant 2017 (24)	First Energy Service Grant 2018 (25)	First Energy Service Grant 2019 (26)	Cleveland Foundation Grant (27)	Garden Grant (28)	United Way Services - EHS (29)	Total State and Local Programs
REVENUE									
Grant and Contract Revenue									
Grant funds received in advance	\$ 0	\$ 751	\$ 241,053	\$ 100,886	\$ 0	\$ 66,667	\$ 0	\$ 0	\$ 578,214
Current year awards	274,011	0	0	375,000	125,000	133,333	4,000	49,581	1,951,660
Funds reprogrammed	0	0	0	0	0	0	0	0	0
Funds repaid/deobligated	0	0	(241,053)	(66,351)	307,404	0	0	0	0
Grant funds received in advance	0	(751)	0	0	(397,828)	(153,125)	(1,200)	(24,997)	(764,079)
Total grant and contract revenue	274,011	0	0	409,535	34,576	46,875	2,800	24,584	1,765,795
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	274,011	0	0	409,535	34,576	46,875	2,800	24,584	1,765,795
EXPENSES									
Salaries/wages	165,323	0	0	201,561	19,454	0	0	0	894,225
Fringe benefits	62,545	0	0	62,711	6,914	0	0	0	321,475
Contractual	0	0	0	4,297	2,455	46,875	0	0	56,752
Travel	0	0	0	1,863	259	0	0	0	6,260
Space costs/property acquisition	0	0	0	8,847	47	0	0	0	25,841
Supplies/food	0	0	0	502	0	0	938	22,484	100,408
Energy and other assistance payments	0	0	0	0	0	0	0	0	0
Indirect costs	46,143	0	0	53,515	5,340	0	0	0	237,665
Other	0	0	0	76,239	107	0	1,862	2,100	123,169
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	274,011	0	0	409,535	34,576	46,875	2,800	24,584	1,765,795
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

See Independent Auditor's Report

Council for Economic Opportunities in Greater Cleveland

Schedule A-5

Schedule of Program Activity

Year Ended January 31, 2019

	OTHER				CORPORATE ACTIVITY		
	Grant-Funded Equipment Fund (30)	Direct Cost Pools (31)	Indirect Costs (32)	Eliminate Non- GAAP In Kind (33)	TOTAL PROGRAMS	Rent Holiday (34)	Corporate Activity (35)
REVENUE							
Grant and Contract Revenue							
Grant funds received in advance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,000,196	\$ 0	\$ 0
Current year awards	0	0	0	0	31,976,256	0	0
Funds reprogrammed	0	0	0	0	0	0	0
Funds repaid/deobligated	0	0	0	0	(69,428)	0	0
Grant funds received in advance	0	0	0	0	(1,173,948)	0	0
Total grant and contract revenue	0	0	0	0	31,733,076	0	0
Transfers	0	0	(201,534)	0	(201,534)	0	201,534
Donations	0	0	0	0	0	0	6,529
Child care service fees	0	0	0	0	287,420	0	0
Other income	0	0	0	0	0	0	7,671
In-kind contributions	0	0	0	(214,156)	6,560,604	0	0
Total Revenue	0	0	(201,534)	(214,156)	38,379,566	0	215,734
EXPENSES							
Salaries/wages	0	614,054	1,588,367	0	15,269,434	0	17,722
Fringe benefits	0	211,868	509,207	0	5,236,903	0	1,742
Contractual	0	55,169	497,859	0	3,768,088	0	145,926
Travel	0	4,658	56,097	0	322,752	0	3,597
Space costs/property acquisition	(218,811)	(354,201)	394,318	0	2,101,828	374,090	373,525
Supplies/food	0	(154,430)	57,601	0	1,571,900	0	9,200
Energy and other assistance payments	0	0	0	0	1,470,828	0	3,200
Indirect costs	0	0	(3,547,468)	0	0	0	0
Other	(22,090)	(377,118)	242,485	0	1,836,328	0	19,474
Depreciation expense	473,003	0	0	0	473,003	0	10,147
In-kind expenses	0	0	0	(214,156)	6,560,604	0	0
Total Expenses	232,102	0	(201,534)	(214,156)	38,611,668	374,090	584,533
Change in Net Assets	(232,102)	0	0	0	(232,102)	(374,090)	(368,799)
Net assets - Beginning of the Year	4,585,069	0	0	0	4,585,069	0	803,080
NET ASSETS - End of the Year	\$ 4,352,967	\$ 0	\$ 0	\$ 0	\$ 4,352,967	(\$ 374,090)	\$ 434,281

Council for Economic Opportunities in Greater Cleveland

Schedule B-1

Schedule of Expenditures of Federal Awards and List of Programs

Year Ended January 31, 2019

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	10/01/17-09/30/18	\$ 0	\$ 737,070
(2) Child and Adult Care Food Program	10.558	IRN-077909	10/01/18-09/30/19	0	401,124
Total Federal Expenditures CFDA 10.558				0	1,138,194
TOTAL U.S. DEPARTMENT OF AGRICULTURE PROGRAMS				0	1,138,194
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	718,686
(4) HEAP Energy Assistance Program	93.568	18-HE-215	11/01/17-03/31/18	0	627,105
(5) HEAP Summer Cooling	93.568	18-HC-215	07/01/18-08/31/18	0	213,173
(6) HEAP Administrative Program	93.568	19-HA-115	09/01/18-08/31/19	0	535,141
(7) HEAP Energy Assistance Program	93.568	19-HE-215	11/01/18-03/31/19	0	537,770
(8) Percentage of Income Payment Plan Plus (PIPP)	93.568	17-PA-115	01/01/17-12/31/17	0	0
(9) Percentage of Income Payment Plan Plus (PIPP)	93.568	18-PA-115	01/01/18-12/31/18	0	58,766
(10) Percentage of Income Payment Plan Plus (PIPP)	93.568	19-PA-115	01/01/19-12/31/19	0	6,185
Total Federal Expenditures CFDA 93.568				0	2,696,826
Passed through Ohio Development Services Agency					
(11) Community Services Block Grant	93.569	18-1916	01/01/18-12/31/19	0	3,105,050
Direct Funding					
(12) Head Start/Early Head Start Program	93.600	05CH8334/06	02/01/18-01/31/19	0	23,027,211
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				0	28,829,087
TOTAL FEDERAL EXPENDITURES				\$ 0	\$ 29,967,281

Council for Economic Opportunities in Greater Cleveland

Schedule B-2

Schedule of Expenditures of Federal Awards and List of Programs

Year Ended January 31, 2019

<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			
(13) Minority Health Month	N/A	18-54	10/06/17-04/30/18
Passed through Ohio Department of Education			
(14) Universal Pre-Kindergarten 2	N/A	N/A	Ongoing
(15) Universal Pre-Kindergarten 3	N/A	N/A	08/01/17-07/31/18
(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) Ohio Head Start Program	N/A	IRN-77909-03/04	Ended in Prior Year
Passed through First Energy Company			
(19) Fuel Fund VI	N/A	N/A	01/01/18-12/31/18
(20) Fuel Fund VII	N/A	N/A	01/01/19-12/31/19
Passed through Early Childhood			
(21) Early Childhood Education V	N/A	N/A	08/01/17-06/30/18
(22) Early Childhood Education VI	N/A	N/A	07/01/18-06/30/19
Passed through George Gund Foundation			
(23) Update the Plate - L. Stokes Grant	N/A	N/A	Ended in Prior Year
Passed through First Energy Company			
(24) First Energy Service Grant - 2017	N/A	N/A	01/01/17-12/31/17
(25) First Energy Service Grant - 2018	N/A	N/A	01/01/18-12/31/18
(26) First Energy Service Grant - 2019	N/A	N/A	01/01/19-12/31/19
Passed through Cleveland Foundation			
(27) Cleveland Foundation	N/A	249891	12/01/17-05/31/19
Passed through Cuyahoga County Board of Health			
(28) Garden Grant	N/A	N/A	03/01/18-12/31/18
Passed through United Way of Greater Cleveland			
(29) United Way Services - EHS	N/A	N/A	07/01/18-06/30/19
OTHER PROGRAM ACTIVITY			
(30) Grant-Funded Equipment Fund	N/A	N/A	Ongoing
(31) Direct Cost Pool	N/A	N/A	Ongoing
(32) Indirect Costs	N/A	N/A	Ongoing
(33) Eliminate Non-GAAP In Kind	N/A	N/A	Ongoing
(34) Rent Holiday	N/A	N/A	Ongoing
(35) 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, 2019

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, 2019. 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, 2019, 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 26, 2019.

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 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* 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.

Wipfli LLP

Wipfli LLP

September 26, 2019
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, 2019. 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, 2019.

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-001. Our opinion on each 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.

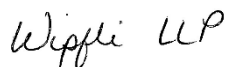
Report on Internal Control Over Compliance

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 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 26, 2019
Madison, Wisconsin

Council for Economic Opportunities in Greater Cleveland

Schedule of Findings and Questioned Costs
Year Ended January 31, 2019

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)]?	Yes

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 Agriculture**

Child and Adult Care Food Program (CACFP)	10.558
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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:	\$899,018
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Auditee qualified as low-risk auditee?	Yes
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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, 2019

Section III - Federal Award Findings and Questioned Costs

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

Criteria

During our audit, Wipfli LLP reviewed Council for Economic Opportunities in Greater Cleveland’s (CEOGC) enrollment information for January 2019. Our testing included a count of all the children served under the Head Start program for the month of January 2019 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 2018.

	<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>

	<u>Head Start January 2019</u>	<u>Early Head Start January 2019</u>	<u>Total</u>
Funded enrollment	2,756	225	2,981
Actual enrollment	<u>2,669</u>	<u>176</u>	<u>2,845</u>
Under Enrolled	<u>(87)</u>	<u>(49)</u>	<u>(136)</u>

This is a repeat finding, it was reported in the prior 5 audits as Findings 2018-001, 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, 2019

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

2019-001 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

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

Summary of Finding

During our 2018 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 not able to attain full enrollment in the current year. See current year finding at 2019-001.