

**Burlington County Community Action Program**

**Financial Statements  
(With Supplementary Information)  
and Independent Auditor's Report**

**February 28, 2019**

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# Burlington County Community Action Program

## Index

	<u>Page</u>
Independent Auditor's Report	2
Financial Statements	
Statement of Financial Position	4
Statement of Activities	5
Statement of Cash Flows	6
Notes to Financial Statements	7
Supplementary Information	
Schedule of Functional Expenses	15
Schedule of Expenditures	16
Schedule of United Way Expenses	20
Schedule of Revenue and Contract Carryover	21
Schedule of Expenditures by Program Account	22
Federal Financial Report (Unaudited)	23
Schedule of Recommended Costs to Be Disallowed	24
Schedule of Expenditures of Federal Awards	25
Notes to Schedule of Expenditures of Federal Awards	28
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	29
Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	31
Schedule of Findings and Questioned Costs	34
Schedule of the Status of Prior Findings and Questioned Costs	39

## Independent Auditor's Report

To the Board of Trustees  
Burlington County Community Action Program

### Report on the Financial Statements

We have audited the accompanying financial statements of Burlington County Community Action Program (the "Organization"), which comprise the statement of financial position as of February 28, 2019, 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 of America; 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 of America 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.

*Other Matters*

*Emphasis of Matter - Change in Accounting Principle*

As discussed in Note 2 to the financial statements, Burlington County Community Action Program adopted the Financial Accounting Standard Board's ("FASB") Accounting Standards Update ("ASU") No. 2016-04, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended February 28, 2019. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to that matter.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules on pages 15 to 24 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and state of New Jersey Office of Management and Budget Circular 04-04, "Single Audit Policy of Recipients of Federal Grants, State Grants, and State Aid," is presented on pages 25 to 28 for purposes of additional analysis and is also 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 of America. In our opinion, the accompanying schedules on pages 15 to 24, except for the portion marked "unaudited" on which we express no opinion, and the schedule of expenditures of federal awards are 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 February 26, 2020, on our consideration of Burlington County Community Action Program'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 Burlington County Community Action Program'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 Burlington County Community Action Program's internal control over financial reporting and compliance.



Baltimore, Maryland  
February 26, 2020

Taxpayer Identification Number:  
22-1478099

Lead Auditor: Daniel J. Kenney

**Burlington County Community Action Program**

**Statement of Financial Position  
February 28, 2019**

Assets

Cash	\$	539,483
Grants receivable		457,346
Prepaid expenses		31,586
Due from affiliates		333,923
Property, plant and equipment, less accumulated depreciation of \$7,075,688		<u>2,896,465</u>
Total assets	\$	<u><u>4,258,803</u></u>

Liabilities and Net Assets

Liabilities		
Mortgages and notes payable	\$	50,529
Lines of credit		5,888
Accounts payable and accrued expenses		966,804
Deferred revenue		<u>437,091</u>
Total liabilities		1,460,312
Commitments and contingencies		
Net assets		
Net assets without donor restrictions		<u>2,798,491</u>
Total liabilities and net assets	\$	<u><u>4,258,803</u></u>

See Notes to Financial Statements.

**Burlington County Community Action Program**

**Statement of Activities  
Year Ended February 28, 2019**

Revenue	
Grants	\$ 9,559,852
Contributions in kind	1,003,899
Other revenue	<u>35,322</u>
Total revenue	<u>10,599,073</u>
Operating expenses	
Program services	
Head Start	6,043,078
New Jersey programs	3,190,405
Burlington County programs	131,744
Other programs	<u>255,617</u>
Total program services	<u>9,620,844</u>
Support services - management and general	<u>837,668</u>
Total operating expenses	<u>10,458,512</u>
Change in net assets	140,561
Net assets without donor restrictions, beginning of year	<u>2,657,930</u>
Net assets without donor restrictions, end of year	<u><u>\$ 2,798,491</u></u>

See Notes to Financial Statements.

**Burlington County Community Action Program**

**Statement of Cash Flows  
Year Ended February 28, 2019**

Cash flows from operating activities	
Change in net assets	\$ 140,561
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	408,063
Changes in assets and liabilities	
Decrease in grants receivable	252,823
Decrease in prepaid expenses	2,410
Decrease in other assets	1,500
Decrease in accrued interest	(5,554)
Increase in deferred revenue	197,720
Decrease in accounts payable and accrued expenses	<u>(93,287)</u>
Net cash provided by operating activities	<u>904,236</u>
Cash flows from investing activities	
Advances made to affiliates	(55,177)
Purchase of property, plant and equipment	<u>(594,520)</u>
Net cash used in investing activities	<u>(649,697)</u>
Cash flows from financing activities	
Repayment of mortgages and notes payable	(292,287)
Repayment of lines of credit	<u>(77,192)</u>
Net cash used in financing activities	<u>(369,479)</u>
Net decrease in cash	(114,940)
Cash, beginning of year	<u>654,423</u>
Cash, end of year	<u><u>\$ 539,483</u></u>
Supplemental disclosure of cash flow information	
Cash paid during the year for interest	<u><u>\$ 20,362</u></u>

See Notes to Financial Statements.

# Burlington County Community Action Program

## Notes to Financial Statements February 28, 2019

### Note 1 - Organization

Burlington County Community Action Program (the "Organization") began operations in 1965 and was established to address the needs of low-income persons in Burlington County, New Jersey.

In response to the critical human needs of the poor, a small group of individuals began meeting in each other's homes and in area churches to develop strategies for eliminating poverty and removing barriers to self-sufficiency. With dedication to the mission and a common vision, these unsung heroes carved out the framework for a community-based organization of people helping people help themselves.

Now one of the oldest of 23 community action agencies operating in New Jersey, the Organization is led by a 21-member Board of Trustees consisting of one-third representation from business, one-third representation from government, and one-third representation from low-income persons.

The Organization is one of three commonly managed organizations, the others being BCCAP-SH, Inc., a non-profit organization, which operates a low-income, senior housing apartment project, and BCCAP-CHODO, Inc., a non-profit organization, which is the general partner of an entity that operates a low-income residential apartment project. The three organizations also have common, but not absolute, oversight through common Board of Trustees members. The Organization operates independently of the other organizations and the balances and activities of each related organization are not included in the accompanying financial statements.

### Note 2 - Summary of significant accounting policies

#### Basis of presentation

The Organization presents its financial statements in accordance with the guidance for nonprofit entities. Under this guidance, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. All the net assets of the Organization are net assets without donor restrictions. Furthermore, information is required to segregate program service expenses from management and general expenses.

#### Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### Net assets

Net assets are classified based on the existence or absence of donor-imposed restrictions. The following is a description of each class:

*Net assets with donor restrictions* - Net assets with donor restrictions include all net assets that are subject to a donor-imposed restriction.

*Net assets without donor restrictions* - Net assets without donor restrictions include all net assets that are not subject to a donor-imposed restriction.

For the year ended February 28, 2019, all of the Organization's net assets were without donor restrictions.



## **Burlington County Community Action Program**

### **Notes to Financial Statements February 28, 2019**

#### **Contributions**

Contributions received are recognized as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. Conditional promises to give are not recognized until they become unconditional. For the year ended February 28, 2019, all support received was recognized as net assets without donor restrictions.

#### **Contributions in kind**

Contributions of donated noncash assets (materials and facilities) are recorded as unrestricted contributions at fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded as unrestricted contributions at fair value in the period received. See Note 14 for details of contributions in kind for the year ended February 28, 2019.

#### **Financial dependency**

Grants from government agencies are the Organization's largest source of revenue. The Organization is economically dependent on these grants to carry on its operations.

#### **Grants revenue and receivable**

The Organization accounts for its grants, including those from federal and other governmental sources, as exchange transactions. Accordingly, revenue is recognized once the Organization incurs the costs associated with providing the program or services required under the grant agreement. Grant funds received are deferred until the corresponding expenditures have been incurred.

The majority of grants are from recurring sources. Based on prior experience with these entities, management considers all grants receivable to be fully collectible. Therefore, no allowance for doubtful accounts has been recorded as of February 28, 2019.

#### **Property, plant and equipment**

Buildings and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets, ranging from 3 to 20 years. Maintenance and repair costs are charged to expense as incurred. When assets are disposed of, their cost and accumulated depreciation are removed from the accounts and the resulting gains or losses are credited or charged against operations. Buildings and equipment are capitalized if the cost is greater than or equal to \$5,000 and the useful life is greater than one year.

#### **Impairment of long-lived assets**

In accordance with the accounting guidance for property, plant, and equipment, the Organization reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss was recognized during the year ended February 28, 2019.

#### **Leases**

The Organization has entered into various noncancelable operating leases for the use of office space and equipment. In accordance with accounting guidance for leases, minimum annual rental expense is recognized on a straight-line basis over the term of the related lease.

## Burlington County Community Action Program

### Notes to Financial Statements February 28, 2019

#### Other revenue

Other revenue consists of tenant rental revenue and other miscellaneous services provided to recipients. Amounts are recognized as revenue when earned.

#### Functional expenses

The costs of providing program and other activities are summarized on a functional basis in the supplementary information to the financial statements. Accordingly, certain costs are allocated among program services and supporting services benefited.

#### Income taxes

The Organization is a not-for-profit organization exempt from taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been made in these financial statements. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions under Section 170(b)(1)(A)(vi).

#### Change in accounting principle

During the year ended February 28, 2019, the Organization adopted the provisions of Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* ("ASU 2016-14"). The update addresses the complexity and understandability of net asset classifications, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. ASU 2016-14 has been applied on a retrospective basis.

#### Note 3 - Liquidity and availability

The Organization has \$1,028,415 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$539,483, grants receivable of \$457,346 and prepaid expenses of \$31,586.

#### Note 4 - Property, plant and equipment

Property, plant and equipment consist of the following as of February 28, 2019:

Land	\$	656,659
Buildings and improvements		6,321,639
Equipment		<u>2,993,855</u>
		9,972,153
Less accumulated depreciation		<u>7,075,688</u>
	\$	<u>2,896,465</u>

Depreciation expense for the fiscal year ended February 28, 2019 was \$408,063.

Land, buildings and equipment that are acquired by grants or contracts are considered owned by the Organization while used in the program for which they were purchased or in other future authorized programs; however, the grantors have reversionary interests in the land, buildings and equipment. Disposition of these assets as well as ownership of any proceeds is subject to regulations.

## Burlington County Community Action Program

### Notes to Financial Statements February 28, 2019

#### Note 5 - Mortgages and notes payable

##### Lines of credit

The Organization maintains a line of credit with Wells Fargo Bank, N.A. in the amount of \$50,000. Pursuant to the note agreement, interest is payable monthly at a rate of prime plus 1.75%, with a minimum rate of 5.00%, per annum (7.25% at February 28, 2019). Monthly interest-only payments are required until the principal is paid in full. Principal payments are due on demand. As of February 28, 2019, the outstanding balance is \$5,888.

The Organization maintains a line of credit for \$100,000 from TD Bank. Interest is payable monthly at a rate of prime plus 0.50%, with a minimum rate of 5.50%, per annum (5.50% at February 28, 2018). The line matures on December 31, 2018, at which time all outstanding principal and interest is due. As of February 28, 2019, all outstanding principal and interest have been paid in full.

Subsequent to year end the line of credit with TD Bank was amended to increase the total available line to \$200,000 and extend the maturity date to December 31, 2019. In the event a further extension cannot be reached, management intends to repay all outstanding principal and interest in full through available cash.

The lines of credit are secured by the general assets of the Organization.

##### Mortgages and notes payable

On March 1, 2003, the Organization entered into a mortgage with The New Jersey Economic Development Authority ("Authority") in the original amount of \$3,057,464. The note executed with the Authority was assigned to TD Bank from which a Series 2003 tax-exempt bond was purchased. The proceeds of the Series 2003 bond were used to finance the construction on the Lumberton property of the Head Start facility owned and operated by the Organization; to refinance the first mortgage loan and interest rate swap penalty with First Fidelity Urban Investment Corporation ("FFUIC") for the Delanco property; to refinance the mortgage loan with FFUIC for the Browns Mills property; and to pay a portion of the costs of issuance of the Series 2003 bond. The note is secured by certain real and personal property and assets including a first lien security interest in all of the property and assets of the Organization, and a first lien mortgage on the Lumberton property and the Delanco property. The note has a final maturity of May 2023. Interest on the mortgage shall accrue at a fixed tax-exempt rate which will reset every five years pursuant to the terms of the loan agreement.

Effective May 5, 2013, pursuant to a modification, the note requires monthly principal and interest payments of \$18,667 and shall accrue interest at the tax-exempt interest rate of 3.20% per annum. As of February 28, 2019, all outstanding principal and interest have been paid in full.

On May 18, 2011, the Organization entered into a note agreement with TD Bank in the original amount of \$83,500. The note was amended and restated on October 31, 2016. Pursuant to the amended and restated note, total principal was reduced to \$61,564. Monthly principal and interest payments of \$1,148 are due through maturity, at which time all outstanding principal and interest are due. Interest on the loan accrues at 4.50% per annum. The loan matures on October 31, 2021. The loan is secured by a mortgage, security agreement, and assignment of leases and rents of the Van Sciver property. As of February 28, 2019, the outstanding principal balance was \$33,706.

## Burlington County Community Action Program

### Notes to Financial Statements February 28, 2019

On August 10, 2011, the Organization entered into a note agreement with TD Bank in the original amount of \$40,000. The note was amended and restated on October 31, 2016. Pursuant to the amended and restated note, total principal was reduced to \$29,589. Monthly principal and interest payments of \$551 are due through maturity, at which time all outstanding principal and interest are due. Interest on the loan accrues at 4.5% per annum. The loan matures on October 31, 2021. The loan is secured by a mortgage, security agreement, and assignment of leases and rents of the 411 South Lenola Road property. As of February 28, 2019, the outstanding principal balance was \$16,823.

Interest charged to operations was \$14,808 for the year ended February 28, 2019.

The following is a summary of principal payments due under the aforementioned debt for each of the three years following February 28, 2019:

<u>Year ending</u>	<u>Amount</u>
February 29, 2020	\$ 18,440
February 28, 2021	19,294
February 28, 2022	<u>12,795</u>
	<u>\$ 50,529</u>

#### **Note 6 - Management and general expense**

In accordance with publication ACYF-IM-83-9, the administration and program development costs of the Head Start program, as defined in the publication, did not exceed 15% of total federal and nonfederal costs of the program. Allocation of management and general expenses is based upon direct costs of the individual program requirements.

#### **Note 7 - Deferred revenue**

Deferred revenue consists of unexpended grant funds held as of the end of the fiscal year. The grant revenues which are included in deferred revenue will be recognized as the contract is fulfilled or returned to the grantee as required.

#### **Note 8 - Grant awards**

As of February 28, 2019, the Organization has been awarded grant commitments of \$2,286,598 that have not been recorded in the accompanying financial statements. These funds are to be received and earned over the subsequent grant period based on payments terms outlined in the respective grants.

#### **Note 9 - Pension plan**

The Organization has a qualified defined-contribution retirement plan covering substantially all employees who meet certain length-of-service and age requirements. Contributions are determined as a percentage of each covered employee's gross salary. The percentage is determined on an annual basis at the discretion of the Board of Trustees. The Board did not elect to make a contribution for the year ended February 28, 2019.

**Burlington County Community Action Program**

**Notes to Financial Statements  
February 28, 2019**

**Note 10 - Lease commitments**

The Organization has also entered into 10 noncancelable operating leases for office space and equipment which expire on various dates through July 2023. Rental expense aggregated \$75,359 for the year ended February 28, 2019. Future minimum lease payments are as follows:

<u>Year ending</u>	<u>Amount</u>
February 29, 2020	\$ 21,068
February 28, 2021	19,202
February 28, 2022	14,034
February 28, 2023	13,000
February 29, 2024	<u>5,417</u>
	<u>\$ 72,721</u>

**Note 11 - Commitments and contingencies**

The Organization received financial assistance from the federal government and the State of New Jersey in the form of grants. Entitlement to the resources requires compliance with terms of the grant agreements and applicable regulations, including the provision of services per the contractual requirements of the resources for allowable purposes. Substantially all grants are subject to financial and compliance audits by the grantors. The previous compliance audits completed for the Organization have not resulted in any material adjustments. Thus, as of February 28, 2019, the Organization estimates that adjustments, if any, as a result of such audits would not be material to its financial position.

In the event any of the programs cease to exist, there may be a contingent liability to the respective funding source for grants made to purchase certain assets. Such property or proceeds from the sale would revert to the funding source.

**Note 12 - Transactions with affiliates**

**Affordable housing agreement**

On May 4, 2017, and as amended on November 8, 2017, the Organization entered into an affordable housing agreement with the Township of Florence, New Jersey. Pursuant to the agreement, the Organization was awarded \$480,000 to make certain improvements to real estate owned by Roebling Village Inn Urban Renewal, L.P. ("Roebling"), an affiliate. As a condition for receiving the award, the Organization agreed to continue to operate the real estate owned by the affiliate as housing for low-income seniors through December 7, 2062.

The Board of Trustees approved a verbal agreement to donate the improvements made under the affordable housing agreement to BCCAP-CHODO, Inc., the general partner of Roebling, which in turn will contribute such improvement to Roebling.

For the year ended February 28, 2019, the Organization completed improvements at the property owned by Roebling of \$147,188, which were concurrently donated to BCCAP-CHODO, Inc. Such costs have been included in other programs expense and have been functionally classified as other direct costs.

## Burlington County Community Action Program

### Notes to Financial Statements February 28, 2019

#### Advances to affiliates

The Organization has recorded a receivable due from Roebing Village Inn Urban Renewal L.P. in the amount of \$241,067. The amount is unsecured and does not bear interest. This receivable relates to general operation advances made to the Roebing Village Inn and is due on demand.

The Organization has also recorded a receivable due from BCCAP-SH, Inc. in the amount of \$92,856. The receivable relates to support for the establishment of the related organization, is noninterest-bearing and due on demand.

#### Note 13 - Concentration of credit risk

The Organization maintains its cash balances in several accounts in various banks. The cash balances at each bank are insured by the Federal Deposit Insurance Corporation. At times, these balances may exceed the amount insured by the Federal Deposit Insurance Corporation; however, the Organization has not experienced any losses with respect to its bank balances in excess of government-provided insurance. Management believes no significant concentration of credit risk exists with respect to these cash balances as of February 28, 2019.

#### Note 14 - Contributions in kind

Contributions in kind represent funding for the Head Start program that the Organization must match contributions from sources outside of the grantor. As of February 28, 2019, contributions in kind consisted of:

Consultants and contracting services	\$ 973,121
Space costs and rentals	1,303
Other costs	<u>28,974</u>
	<u>\$ 1,003,398</u>

The Organization estimates that volunteers have donated 64,062 hours both for program services and supporting services during the year ended February 28, 2019. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer efforts have not been satisfied.

#### Note 15 - Subsequent events

Events that occur after the statement of financial position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of the Organization through February 26, 2020 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements, except as disclosed below:

- The line of credit with TD Bank was amended to increase the total available line to \$200,000 and extend the maturity date to December 31, 2019 (see Note 5).
- In August 2019, the Organization filed with the State of New Jersey to change the name of the Organization to Burlington Community Action Partnership.

## **Supplementary Information**

## Burlington County Community Action Program

### Schedule of Functional Expenses Year Ended February 28, 2019

	Program Services					Total program services	Supporting services - management and general	Total
	Head Start	Head Start in kind and cash contributions	New Jersey programs	Burlington County programs	Other programs			
Operating expenses								
Salaries and wages	\$ 2,806,889	\$ -	\$ 2,060,051	\$ 66,725	\$ 12,958	\$ 4,946,623	\$ 480,186	\$ 5,426,809
Fringe benefits	513,638	-	351,422	8,850	336	874,246	73,478	947,724
Consultants and contract services	264,579	973,121	126,029	4,562	5,221	1,373,512	59,794	1,433,306
Travel	4,753	-	18,897	25,421	-	49,071	631	49,702
Space costs and rentals	140,484	1,303	22,277	7,442	17,398	188,904	26,084	214,988
Consumable supplies	389,928	28,975	85,553	14,557	11,159	530,172	52,826	582,998
Equipment purchased, leased and rented	255,539	-	38,678	-	48,797	343,014	35,382	378,396
Specific assistance to clients	555	-	251,748	-	1,265	253,568	-	253,568
Other direct costs	308,304	-	209,957	4,187	125,550	647,998	100,152	748,150
Depreciation	353,918	-	21,747	-	25,031	400,696	7,367	408,063
Interest	1,092	-	4,046	-	7,902	13,040	1,768	14,808
<b>Total operating expenses</b>	<b>\$ 5,039,679</b>	<b>\$ 1,003,399</b>	<b>\$ 3,190,405</b>	<b>\$ 131,744</b>	<b>\$ 255,617</b>	<b>\$ 9,620,844</b>	<b>\$ 837,668</b>	<b>\$ 10,458,512</b>

See Independent Auditor's Report.



**Burlington County Community Action Program  
New Jersey Programs**

**Schedule of Expenditures  
Year Ended February 28, 2019**

	Community Programs <u>2019-05235-0372</u>	CSBG Admin <u>2019-05235-0372</u>	CSBG Special <u>2017-05136-0305</u>	Post TANF <u>OFB116SAP-013</u>	CPR & First Aid Training <u>UC19003</u>
Expenditures					
Salaries and wages	\$ 172,577	\$ 39,601	\$ 37,503	\$ -	\$ -
Fringe benefits	19,600	4,259	3,585	361	-
Consultants and contract services	40,515	11,062	607	-	-
Travel	2,471	103	164	-	-
Space costs and rentals	9,117	2,158	-	-	-
Consumable supplies	22,267	3,789	1,800	-	480
Equipment purchased, leased and rented	-	-	200	-	-
Specific assistance to clients	55	-	-	-	-
Other direct costs	33,496	46,544	1,738	-	2,669
Depreciation	-	-	-	-	-
Interest	4,045	-	-	-	-
	<u>4,045</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 304,143</u>	<u>\$ 107,516</u>	<u>\$ 45,597</u>	<u>\$ 361</u>	<u>\$ 3,149</u>

**Burlington County Community Action Program  
New Jersey Programs**

**Schedule of Expenditures - Continued  
Year Ended February 28, 2019**

	QIS UC19003	CCR&R UC19003	Health & Safety Training UC19003	Professional Dev. Training UC19003	Approved & In Home Inspections UC19003
Expenditures					
Salaries and wages	\$ 89,590	\$ 45,746	\$ 10,522	\$ 48,289	\$ 53,899
Fringe benefits	19,994	3,882	1,788	5,742	8,278
Consultants and contract services	21	-	-	-	-
Travel	498	90	-	-	118
Space costs and rentals	-	-	-	-	-
Consumable supplies	6,962	4,823	600	250	117
Equipment purchased, leased and rented	-	36	-	-	-
Specific assistance to clients	-	-	-	-	-
Other direct costs	32,549	12,744	2,234	746	2,695
Depreciation	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total expenditures</b>	<b>\$ 149,614</b>	<b>\$ 67,321</b>	<b>\$ 15,144</b>	<b>\$ 55,027</b>	<b>\$ 65,107</b>

**Burlington County Community Action Program  
New Jersey Programs**

**Schedule of Expenditures - Continued  
Year Ended February 28, 2019**

	Parenting Education UC19003	Family Day Care Registration UC19003	CCR&R Ops & Admin UC19003	Strengthening Families Ops UC19003	Universal Service Fund 2019-05133-0329
Expenditures					
Salaries and wages	\$ 44,241	\$ 85,446	\$ 852,928	\$ 5,358	\$ 29,954
Fringe benefits	7,630	13,655	133,266	87	-
Consultants and contract services	-	-	46,490	-	2,864
Travel	1,200	-	1,258	-	-
Space costs and rentals	-	-	16,807	-	621
Consumable supplies	15,517	4,654	6,735	200	156
Equipment purchased, leased and rented	-	91	42,044	-	-
Specific assistance to clients	-	-	-	-	-
Other direct costs	17,394	14,782	36,205	22,028	1,209
Depreciation	-	-	-	-	-
Interest	-	-	1,169	-	212
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditures	<u>\$ 85,982</u>	<u>\$ 118,628</u>	<u>\$ 1,136,902</u>	<u>\$ 27,673</u>	<u>\$ 35,016</u>

**Burlington County Community Action Program  
New Jersey Programs**

**Schedule of Expenditures - Continued  
Year Ended February 28, 2019**

	<u>Heating Improvement 2019-05131-0430</u>	<u>NJ Healthy Families 18AOCS</u>	<u>Homeless Prevention 2018-02150-0207</u>	<u>Outreach Central Intake DFHS18OTR014</u>	<u>NJS Default OTHER</u>	<u>Total</u>
Expenditures						
Salaries and wages	\$ 213,122	\$ 427,005	\$ 43,934	\$ 28,645	\$ -	\$ 2,228,360
Fringe benefits	60,554	82,167	576	2,379	26	367,829
Consultants and contract services	24,692	27,084	362	1,718	1,010	156,425
Travel	94	12,961	43	-	-	19,000
Space costs and rentals	7,824	10,978	-	856	-	48,361
Consumable supplies	14,365	8,477	120	3,742	-	95,054
Equipment purchased, leased and rented	30,337	1,298	-	54	-	74,060
Specific assistance to clients	75	-	251,617	-	-	251,747
Other direct costs	11,014	16,846	1,047	1,406	1	257,347
Depreciation	-	-	-	-	21,747	21,747
Interest	388	-	-	-	-	5,814
<b>Total expenditures</b>	<b><u>\$ 362,465</u></b>	<b><u>\$ 586,816</u></b>	<b><u>\$ 297,699</u></b>	<b><u>\$ 38,800</u></b>	<b><u>\$ 22,784</u></b>	<b><u>\$ 3,525,744 *</u></b>

\* Amount is different than amount shown on page 15 (schedule of functional expenses) due to inclusion of New Jersey Programs Portion of Supporting Services - management and general expense in the amount of \$335,339.

See Independent Auditor's Report.

**Burlington County Community Action Program**

**Schedule of United Way Expenses  
Year Ended February 28, 2019**

	<u>Grant*</u>
Expenses	
Salaries and wages	\$ 11,365
Fringe benefits	1,624
Space	1,000
Supplies	<u>1,955</u>
 Total expenses	 <u><u>\$ 15,944</u></u>

\*Grant period term is July 1, 2018 through June 30, 2019.

See Independent Auditor's Report.

**Burlington County Community Action Program  
Head Start Program Grant Number 02CH3123/04**

**Schedule of Revenue and Contract Carryover  
Year Ended February 28, 2019  
(With Unaudited Budget Amounts)**

	<u>Budget (unaudited)</u>	<u>Actual</u>	<u>Federal share Actual (over) under budget</u>
Revenue and contract carryover			
ACYF funds for grant budget	\$ 5,948,026	\$ 5,391,209	\$ 556,817
USDA food reimbursement	178,355	178,355	-
Nonfederal funds			
In kind contributions	<u>1,851,684</u>	<u>1,851,684</u>	<u>** -</u>
Total revenue and contract carryover	<u><u>\$ 7,978,065</u></u>	<u><u>\$ 7,421,248</u></u>	<u><u>\$ 556,817</u></u>
Expenditures			
Federal share			
Personnel	\$ 3,136,090	\$ 2,766,323	\$ 369,767
Fringe benefits	1,313,728	923,153	390,575
Nonlocal travel	7,000	1,893	5,107
Consumable supplies	149,667	215,512	(65,845)
Contract services	183,000	286,636	(103,636)
Other costs	<u>1,158,541</u>	<u>1,197,692</u>	<u>(39,151)</u>
Total federal share	<u>5,948,026</u>	<u>5,391,209</u>	<u>* \$ 556,817</u>
Nonfederal share			
Personnel	576,555	576,555	
Fringe benefits	271,731	271,731	
Consultants and contract services	973,121	973,121	
Space costs and rentals	1,303	1,303	
Consumable supplies	<u>28,974</u>	<u>28,974</u>	
Total nonfederal share	<u>1,851,684</u>	<u>1,851,684</u>	<u>**</u>
Total expenditures excluding USDA	<u><u>\$ 7,799,710</u></u>	<u><u>\$ 7,242,893</u></u>	

\* Amount is different than amount shown on page 15 (schedule of functional expenses) due to inclusion of Head Start Programs Portion of Supporting Services - management and general expense.

\*\* Donated materials, space costs and rentals and consultant services comprise \$1,003,398 of the in kind services as described in Note 13. Unaudited volunteer hours and benefits comprise the remaining \$848,286 and are excluded from the financial statement for GAAP purposes.

See Independent Auditor's Report.

**Burlington County Community Action Program  
Head Start Program Grant Number 02CH3123/04**

**Schedule of Expenditures by Program Account  
(Excluding Food - USDA)  
Year Ended February 28, 2019  
(With Unaudited Budget Amounts)**


	PA 22		
	Budget (unaudited)	Actual	Federal share Actual (over) under budget
Federal share			
Personnel	\$ 3,136,090	\$ 2,766,323	\$ 369,767
Fringe benefits	1,313,728	923,153	390,575
Nonlocal travel	7,000	1,893	5,107
Consumable supplies	149,667	215,512	(65,845)
Contract services	183,000	286,636	(103,636)
Other costs	1,158,541	1,197,692	(39,151)
Total federal share	<u>5,948,026</u>	<u>5,391,209</u>	<u>\$ 556,817</u>
Nonfederal share			
Personnel	576,555	576,555	
Fringe benefits	271,731	271,731	
Consultants and contract services	973,121	973,121	
Space costs and rentals	1,303	1,303	
Consumable supplies	28,974	28,974	
Total nonfederal share	<u>1,851,684</u>	<u>1,851,684</u>	
Total expenditures	<u>\$ 7,799,710</u>	<u>\$ 7,242,893</u>	

See Independent Auditor's Report.

**Burlington County Community Action Program  
Head Start Program Grant Number 02CH3123/04**

**Federal Financial Report  
(Unaudited)**

**FEDERAL FINANCIAL REPORT  
(Follow form instructions)**

1. Federal Agency and Organizational Element to Which Report is Submitted <b>US Department of Health and Human Services-Administration for Children and Families</b>		2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment) <b>02CH3123-04</b>		Page <b>1</b>	of <b>1</b> pages		
3. Recipient Organization (Name and complete address including Zip code) <b>Burlington County Community Action Program 718 Rt. 130 South Burlington, NJ 08016</b>							
4a. DUNS Number <b>068284751</b>	4b. EIN <b>22-1804209</b>	5. Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment) G024122 G024125 G024120 G024121		6. Report Type <input type="checkbox"/> Quarterly <input type="checkbox"/> Semi-Annual <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Final	7. Basis of Accounting <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual		
8. Project/Grant Period From: (Month, Day, Year) <b>03/01/2015</b>		To: (Month, Day, Year) <b>02/29/2020</b>		9. Reporting Period End Date (Month, Day, Year) <b>02/28/2019</b>			
<b>10. Transactions</b> (Use lines a-c for single or multiple grant reporting)							
<b>Federal Cash (To report multiple grants, also use FFR Attachment):</b>							
a. Cash Receipts				5,298,704			
b. Cash Disbursements				5,298,704			
c. Cash on Hand (line a minus b)				0			
<i>(Use lines d-o for single grant reporting)</i>							
<b>Federal Expenditures and Unobligated Balance:</b>							
d. Total Federal funds authorized				5,948,028			
e. Federal share of expenditures				5,298,704			
f. Federal share of unliquidated obligations				157,234			
g. Total Federal share (sum of lines e and f)				5,455,838			
h. Unobligated balance of Federal funds (line d minus g)				492,088			
<b>Recipient Share:</b>							
i. Total recipient share required				1,487,003			
j. Recipient share of expenditures				1,487,003			
k. Remaining recipient share to be provided (line i minus j)				0			
<b>Program Income:</b>							
l. Total Federal program income earned							
m. Program income expended in accordance with the deduction alternative							
n. Program income expended in accordance with the addition alternative							
o. Unexpended program income (line l minus line m or line n)							
11. Indirect Expense	a. Type	b. Rate	c. Period From	Period To	d. Base	e. Amount Charged	f. Federal Share
g. Totals:							
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation:							
13. Certification: By signing this report, I certify that it is true, complete, and accurate to the best of my knowledge. I am aware that any false, fictitious, or fraudulent information may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 18, Section 1001)							
a. Typed or Printed Name and Title of Authorized Certifying Official  Dr. Ruben Johnson Executive Director			c. Telephone (Area code, number and extension) 609-390-5800				
b. Signature of Authorized Certifying Official 			d. Email address rjohnson@bccap.org				
			e. Date Report Submitted (Month, Day, Year) April 25, 2019				
14. Agency use only:							

Standard Form 425  
OMB Approval Number: 0348-0031  
Expiration Date: 10/31/2011

**Paperwork Burden Statement**

According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is 0348-0031. Public reporting burden for this collection of information is estimated to average 1.5 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0000), Washington, DC 20503.

See Independent Auditor's Report.



**Burlington County Community Action Program  
Head Start Program Grant Number 02CH3123/04**

**Schedule of Recommended Costs to Be Disallowed  
Year Ended February 28, 2019**

See findings 2019-002 and 2019-003 in the schedule of findings and questioned costs. The amount of questioned costs for these findings is undeterminable.

## Burlington County Community Action Program

### Schedule of Expenditures of Federal Awards Year Ended February 28, 2019

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Program Award Amount	Current Year Expenditures
U.S. Department of Health and Human Services				
Direct Program				
Head Start	93.600	02CH3123/04	\$ 5,948,026	\$ 5,391,209
Head Start	93.600	02CH3123/03	5,708,701	<u>93,709</u>
Subtotal				<u>5,484,918</u>
Passed through the State of New Jersey				
LIHEAP Assistance 2019	93.568	2019-05131-0430-00	274,288	231,334
LIHEAP Assistance 2018	93.568	2018-05131-0056-00	255,514	<u>147,533</u>
Subtotal				<u>378,867</u>
CSBG Special Initiatives	93.569	2017-05136-0305-00	50,000	45,597
CSBG Community Programs	93.569	2019-05235-0372-00	413,997	26,757
CSBG Administration	93.569	2019-05235-0372-00	77,067	46,577
CSBG Community Programs	93.569	2018-05235-0183-00	408,497	308,808
CSBG Administration	93.569	2018-05235-0183-00	77,807	<u>66,305</u>
Subtotal				<u>494,044</u>
CCR&R	93.667	UC19003	66,744	23,403
CCR&R	93.667	UC18003	66,744	43,106
FDC Registration	93.667	UC19003	116,710	47,424
FDC Registration	93.667	UC18003	116,710	70,626
NJ Healthy Families / CCYC	93.667	18AOCs	70,515	64,637
NJ Healthy Families / PAT	93.667	18AOCs	192,000	191,925
NJ Healthy Families / TIP	93.667	18AOCs	332,897	332,897
Parent Education	93.667	UC19003	77,247	25,779
Parent Education	93.667	UC18003	77,247	60,203
Strengthening Families	93.667	UC19003	24,805	21,540
Strengthening Families	93.667	UC18003	6,133	6,133
Voucher Support / Admin	93.667	UC19003	211,390	113,441
Voucher Support / Admin	93.667	UC18003	211,390	95,009

**Burlington County Community Action Program**

**Schedule of Expenditures of Federal Awards - Continued  
Year Ended February 28, 2019**

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Program Award Amount	Current Year Expenditures
U.S. Department of Health and Human Services (continued)				
Passed through the State of New Jersey (continued)				
Approved & In-Home Inspections	93.667	UC19003	56,862	24,080
Approved & In-Home Inspections	93.667	UC18003	56,862	41,028
CPR & First Aid Training	93.667	UC19003	3,366	121
CPR & First Aid Training	93.667	UC18003	3,366	3,028
Health & Safety Training	93.667	UC19003	12,410	4,821
Health & Safety Training	93.667	UC18003	12,410	10,324
Professional Development Training	93.667	UC19003	57,776	21,090
Professional Development Training	93.667	UC18003	57,776	33,937
QIS	93.667	UC19003	135,304	54,232
QIS	93.667	UC18003	135,304	95,382
Voucher Support / Operations	93.667	UC19003	956,438	422,889
Voucher Support / Operations	93.667	UC18003	956,438	<u>535,044</u>
Subtotal				<u>2,342,099</u>
Office of Faith Based Initiatives (Cluster 93.558 and 93.714)	93.558	OFBI16SAP-003	80,000	<u>361</u>
Subtotal				<u>361</u>
Outreach and Education 2017 - Central Intake	93.994	DFHS17OTR007	100,000	<u>38,801</u>
Subtotal				<u>38,801</u>
Total U.S. Department of Health and Human Services				<u>8,739,090</u>

**Burlington County Community Action Program**

**Schedule of Expenditures of Federal Awards - Continued  
Year Ended February 28, 2019**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Program Award Amount</u>	<u>Current Year Expenditures</u>
U.S. Department of Housing and Urban Development Passed through State of New Jersey (Cluster 14.218 and 14.225) Housing Counseling	14.218	HC-170341-004	27,927	<u>7,124</u>
Total U.S. Department of Housing and Urban Development				<u>7,124</u>
U.S. Department of Homeland Security Passed through Other Emergency Food and Shelter	97.024		2,000	<u>18</u>
Total U.S. Department of Homeland Security				<u>18</u>
U.S. Department of Agriculture Direct Program Child Care Food Program	10.558	18-5-352	Reimbursed at defined rates per meal	<u>178,355</u>
Total U.S. Department of Agriculture				<u>178,355</u>
Total Expenditures of Federal Awards				<u>\$ 8,924,587</u>

See Notes to Schedule of Expenditures of Federal Awards.

## **Burlington County Community Action Program**

### **Notes to Schedule of Expenditures of Federal Awards February 28, 2019**

#### **Note 1 - Basis of presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Burlington County Community Action Program (the "Organization") under federal government for the year ended February 28, 2019. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

#### **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, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

The Organization has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

#### **Note 3 - Subrecipients**

The Organization did not pass any amounts through to subrecipients for the year ended February 28, 2019.

Independent Auditor's Report on Internal Control over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees  
Burlington County Community Action Program

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Burlington County Community Action Program (a nonprofit organization), which comprise the statement of financial position as of February 28, 2019, 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 February 26, 2020.

#### Internal Control over Financial Reporting

In planning and performing our audit, we considered Burlington County Community Action Program'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 the Burlington County Community Action Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Burlington County Community Action Program'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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and question costs as item 2019-001, that we consider to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Burlington County Community Action Program's financial statements are free of 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*.

*Burlington County Community Action Program's Response to Findings*

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*CohnReznick LLP*

Baltimore, Maryland  
February 26, 2020

Independent Auditor's Report on Compliance for the Major Federal Programs  
and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Trustee  
Burlington County Community Action Program

Report on Compliance for the Major Federal Programs

We have audited Burlington County Community Action Program's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on Burlington County Community Action Program's major federal programs for the year ended February 28, 2019. Burlington County Community Action Program'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*

Management is responsible for compliance with federal statutes, regulations, and 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 Burlington County Community Action Program'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 of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). 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 Burlington County Community Action Program'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 programs. However, our audit does not provide a legal determination of Burlington County Community Action Program's compliance.

*Basis for Qualified Opinion on CFDA 93.600 Head Start*

As described in the accompanying schedule of findings and questioned costs, Burlington County Community Action Program did not comply with requirements regarding *CFDA 93.600 Head Start* as described in finding numbers 2019-002 through 2019-005 in the accompanying schedule of findings and questioned costs. Compliance with such requirements is necessary, in our opinion, for Burlington County Community Action Program to comply with the requirements applicable to that program.



### *Qualified Opinion on CFDA 93.600 Head Start*

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* paragraph, Burlington County Community Action Program complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 93.600 for the year ended February 28, 2019.

### *Unmodified Opinion on the Other Major Federal Program*

In our opinion, Burlington County Community Action Program complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the summary of independent auditor's results section of the accompanying schedule of findings and questioned costs for the year ended February 28, 2019.

### *Other Matters*

Burlington County Community Action Program's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Burlington County Community Action Program'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 Burlington County Community Action Program 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 Burlington County Community Action Program'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 Burlington County Community Action Program'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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2019-003 to be a material weakness.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2019-002 and 2019-004 to be significant deficiencies.

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.

Burlington County Community Action Program's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Burlington County Community Action Program's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

*CohnReznick LLP*

Baltimore, Maryland  
February 26, 2020

**Burlington County Community Action Program**

**Schedule of Findings and Questioned Costs  
February 28, 2019**

**A. Summary of Independent Auditor's Results**

*Financial Statements*

Type of report the auditor issues on whether the financial statements audited were prepared in accordance with generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?                      X   Yes           No

Significant deficiency(ies) identified?                   Yes      X   None Reported

Noncompliance material to financial statements noted?                           Yes      X   No

*Federal Awards*

Internal control over major programs:

Material weakness(es) identified?                      X   Yes           No

Significant deficiency(ies) identified?              X   Yes           None Reported

Type of auditor's report issued on compliance for major federal programs:

Qualified for CFDA 93.600 Head Start, Unmodified for Other Major Federal Program

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516 (a)?

       Yes      X   No

Identification of major programs:

Name of Federal Program or Cluster	CFDA Number(s)	Fiscal Year 2/28/2019 Expenditures
Head Start	93.600	\$ 5,484,918
Social Services Block Grant	93.667	<u>2,342,099</u>
		<u><u>\$ 7,827,017</u></u>

Dollar threshold used to distinguish between Type A and Type B programs

\$ 750,000

Auditee qualified as low-risk auditee?

       Yes      X   No

## Burlington County Community Action Program

### Schedule of Findings and Questioned Costs February 28, 2019

#### B. Financial Statement Findings

##### Finding No. 2019-001

###### Criteria

COSO/Internal Control Framework defines control activities as "policies and procedures that help to ensure management's directives are carried out." Management review controls are defined as, "the activities of a person, different than the preparer, through analyzing and performing oversight activities performed, and is an integral part of any internal control structure." COSO/Internal Control Framework state that control activities must be in place for there to be adequate internal control procedures over financial reporting. Furthermore, these control activities should be performed timely to ensue financial transactions are recorded in the correct reporting period in compliance with GAAP.

###### Condition

During the course of our audit we noted a material misstatement in cash and corresponding misstatements in accounts payable, grants receivable and deferred revenue.

###### Questioned Costs

None

###### Context

During our audit of cash, we noted multiple cash receipts received by the Organization that were not recorded in the general ledger, additional cash receipts recorded in the general ledger that were improperly recognized and an outstanding check held by the Organization that was improperly recognized as a reduction in cash.

###### Cause

Proper review controls were not in place to ensure cash balances were accurately reconciled at year end.

###### Effect

Cash and accounts payable balances were materially understated. Grants receivable and deferred revenue were overstated. These misstatements had no impact on net assets and were corrected during the audit process.

###### Recommendation

The Organization should reestablish policies to ensure cash is reconciled properly including ensuring all cash receipts are properly recorded and to ensure amounts recorded as outstanding checks have been released to their designated payees. The policies should also include a formal review process of completed bank reconciliations by a designated reviewer within the fiscal department.

## **Burlington County Community Action Program**

### **Schedule of Findings and Questioned Costs February 28, 2019**

#### **View of Responsible Officials**

During the past fiscal year Burlington County Community Action Program addressed this finding by hiring a CFO and two additional accountants and revised the organization's financial policies & procedures. This includes timely reconciliation of all bank accounts with proof of review and approval of an accounting supervisor. The new policies were reviewed and approved by the Chief Executive Officer and the Board of Trustees. As of the date of this report all cash accounts are reconciled and reviewed and initialed by the Chief Executive Officer. Head Start has provided technical assistance to the organization on fiscal policies and procedures and has approved the revised polices adopted by the Board of Trustees. Proper training was provided to the fiscal and management staff. In addition to this, the updated policies and procedures are currently being implemented.

#### **C. Findings and Questioned Costs - Major Federal Award Programs Audit**

##### **Finding No. 2019-002**

Federal agency: U.S. Department of Health and Human Services

Federal program title: Head Start

CFDA: 93.600

Direct program

Award Period: March 1, 2018 - February 28, 2019

Type of finding: Significant deficiency in internal control over compliance

##### **Criteria**

2 CFR, Part 200, §200.303 requires an auditee to establish and maintain effective internal control over federal awards to ensure compliance with federal statutes, regulations and the terms and conditions of the federal award.

##### **Condition**

The Organization was unable to locate 3 invoices selected for testing.

##### **Questioned Costs**

Undeterminable

##### **Context**

The invoices in question could not be verified as allowable costs for the grant.

##### **Cause**

The invoices in question may have been filed in an incorrect location or inadvertently discarded.

##### **Effect**

The Organization cannot verify these expenditures as allowable costs for the grant.

##### **Recommendation**

We recommend management review administrative and filing procedures to ensure all invoices charged to grants can be located.

## **Burlington County Community Action Program**

### **Schedule of Findings and Questioned Costs February 28, 2019**

#### **Views of Responsible Officials**

A records retention policy was added to the revised Fiscal Policies and Procedure Manual. All documentation, including support for disbursements, must be maintained for 7 years and is to be maintain in locked filing cabinets in the accounting department.

#### **Finding 2019-003**

Federal agency: U.S. Department of Health and Human Services

Federal program title: Head Start

CFDA: 93.600

Direct program

Award Period: March 1, 2018 - February 28, 2019

Type of finding: Material weakness in internal control over compliance

#### **Criteria**

2 CFR, Part 200, §200.303 requires an auditee to establish and maintain effective internal control over federal awards to ensure compliance with federal statutes, regulations and the terms and conditions of the federal award.

#### **Condition**

The Organization did not allocate to the various grant programs the costs associated with 9 invoices selected for testing related to audit, IT, computer and insurance services.

#### **Questioned Costs**

Undeterminable

#### **Context**

The costs related to these invoices related to more than the Head Start program and a portion should have been allocated to other grant programs.

#### **Cause**

The Organization experienced significant turnover in the fiscal office during the audit period. As a result, the new staff in the Organization's fiscal office were unaware of previous allocation methodologies and allocated these costs to only one program.

#### **Effect**

The Organization over-charged the Head Start grant for a portion of these expenditures.

#### **Recommendation**

We recommend management establish and execute a methodology for allocating costs among grant programs.

## **Burlington County Community Action Program**

### **Schedule of Findings and Questioned Costs February 28, 2019**

#### **Views of Responsible Officials**

We have restructured our fiscal department and developed an appropriate allocation methodology to comply with funding sources and allowable allocation and are currently in compliance with contract and grant requirements. Senior fiscal management currently reviews allocations applied to ensure allocated costs are appropriate and adjustments, if any, are made timely.

#### **Finding 2019-004**

Federal agency: U.S. Department of Health and Human Services

Federal program title: Head Start

CFDA: 93.600

Direct program

Award Period: March 1, 2018 - February 28, 2019

Type of finding: Significant deficiency in internal control over compliance

#### **Criteria**

2 CFR, Part 200, §200.303 requires an auditee to establish and maintain effective internal control over federal awards to ensure compliance with federal statutes, regulations and the terms and conditions of the federal award.

#### **Condition**

The Organization did not follow policies related to Davis-Bacon for facilities renovations to ensure laborers and mechanics were paid prevailing wage rates in their locality.

#### **Questioned Costs**

None

#### **Context**

If Davis-Bacon is not followed, laborers and mechanics could be paid less than prevailing wage rates for work performed.

#### **Cause**

The Organization experienced significant turnover in the fiscal office during the audit period. Additionally, it had been several years since the Organization undertook construction and renovation activities subject to Davis-Bacon requirements. As a result, the new staff in the Organization's fiscal office did not follow Davis-Bacon requirements.

#### **Effect**

The Organization did not follow the Davis-Bacon Act; therefore laborers and mechanics could have been paid less than prevailing wage rates for the area.

#### **Recommendation**

We recommend management reestablish polices to ensure the Davis-Bacon Act is followed for all construction and renovation projects over \$2,000 in accordance with the Uniform Guidance.

**Burlington County Community Action Program**

**Schedule of Findings and Questioned Costs  
February 28, 2019**

**Views of Responsible Officials**

We have revised policies and procedures to include requirements of implementing the Davis-Bacon Act. Staff has been trained on the Davis Bacon Act. Management has established policies to ensure the Davis-Bacon Act is followed for all constructions and renovation projects over \$2,000 and is in accordance with the Uniform Guidance.





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