

FULMONT COMMUNITY  
ACTION AGENCY, INC.  
Financial Statements and  
Supplementary Information  
September 30, 2020 and 2019  
(With Independent Auditors' Report Thereon)

FULMONT COMMUNITY ACTION AGENCY, INC.

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Fulmont Community Action Agency, Inc.:

### Report on the Financial Statements

We have audited the accompanying financial statements of Fulmont Community Action Agency, Inc. (the Agency) (a nonprofit organization), which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 Agency'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 Agency'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 Fulmont Community Action Agency, Inc. as of September 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

## Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. 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 (Uniform Guidance), is presented for purposes of additional analysis and is 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 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 issued our report dated January 11, 2021, on our consideration of the Agency'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 the Agency'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 the Agency's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York  
January 11, 2021

FULMONT COMMUNITY ACTION AGENCY, INC.  
 Statements of Financial Position  
 September 30, 2020 and 2019

<u>Assets</u>	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and equivalents	\$ 540,541	247,563
Receivables	298,702	393,690
Prepaid expenses	<u>51,975</u>	<u>40,979</u>
Total current assets	<u>891,218</u>	<u>682,232</u>
Investments - other	73,373	72,259
Leasehold improvements and equipment	1,005,698	1,005,580
Less accumulated depreciation and amortization	<u>(832,268)</u>	<u>(804,676)</u>
Net leasehold improvements and equipment	<u>173,430</u>	<u>200,904</u>
Total assets	<u>\$ 1,138,021</u>	<u>955,395</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	15,829	83,696
Accrued expenses	361,665	335,474
Deferred revenue	<u>201,492</u>	<u>33,253</u>
Total current liabilities	<u>578,986</u>	<u>452,423</u>
Net assets without donor restrictions:		
Available for operations	385,605	302,068
Net investment in leasehold improvements and equipment	<u>173,430</u>	<u>200,904</u>
Total net assets without donor restrictions	<u>559,035</u>	<u>502,972</u>
Commitments and contingency (notes 10 and 11)	<u>                    </u>	<u>                    </u>
Total liabilities and net assets	<u>\$ 1,138,021</u>	<u>955,395</u>

See accompanying notes to financial statements.

FULMONT COMMUNITY ACTION AGENCY, INC.  
 Statements of Activities  
 Years ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenue:		
Fees and grants from governmental agencies	\$ 5,171,372	5,377,620
In-kind support	968,146	1,473,761
Contributions	28,478	32,592
Program revenue	27,797	5,479
Interest	2,207	2,168
Miscellaneous	<u>61,883</u>	<u>60,268</u>
Total revenue	<u>6,259,883</u>	<u>6,951,888</u>
Expenses:		
Program services	5,569,444	6,295,158
Management and general	<u>634,376</u>	<u>669,768</u>
Total expenses	<u>6,203,820</u>	<u>6,964,926</u>
Change in net assets without donor restrictions	56,063	(13,038)
Net assets without donor restrictions at beginning of year	<u>502,972</u>	<u>516,010</u>
Net assets without donor restrictions at end of year	<u><u>\$ 559,035</u></u>	<u><u>502,972</u></u>

See accompanying notes to financial statements.

FULMONT COMMUNITY ACTION AGENCY, INC.

Statement of Functional Expenses

Year ended September 30, 2020

with comparative totals for 2019

	Program	Management	Total	
	services	and general	2020	2019
Personnel costs	\$ 2,569,987	479,213	3,049,200	3,055,353
Payroll taxes and fringe benefits	862,813	117,447	980,260	1,002,206
In-kind expense	968,146	-	968,146	1,473,761
Sub-contract labor	125,345	-	125,345	144,442
Materials	285,610	-	285,610	220,344
Program expenses	81,376	330	81,706	86,585
Professional fees	19,185	997	20,182	18,086
Contractual	7,087	-	7,087	134,889
Occupancy	120,493	1,340	121,833	95,764
Training	33,928	180	34,108	33,452
Postage	8,631	1,828	10,459	6,199
Supplies	121,903	11,234	133,137	158,022
Telephone	30,441	3,308	33,749	34,072
Advertising	10,388	22	10,410	7,469
Food	122,955	-	122,955	215,596
Vehicle expenses	16,940	-	16,940	84,284
Insurance	47,652	779	48,431	46,700
Travel	27,197	3,213	30,410	47,162
Printing	1,943	101	2,044	1,047
Dues and subscriptions	5,583	618	6,201	5,153
Depreciation	48,610	2,739	51,349	48,014
Interest expense	455	-	455	374
Miscellaneous	52,776	11,027	63,803	45,952
Total expenses	<u>\$ 5,569,444</u>	<u>634,376</u>	<u>6,203,820</u>	<u>6,964,926</u>

See accompanying notes to financial statements.

FULMONT COMMUNITY ACTION AGENCY, INC.  
Statement of Functional Expenses  
Year ended September 30, 2019

	Program services	Management and general	Total
Personnel costs	\$ 2,576,105	479,248	3,055,353
Payroll taxes and fringe benefits	885,905	116,301	1,002,206
In-kind expense	1,473,761	-	1,473,761
Sub-contract labor	144,442	-	144,442
Materials	220,344	-	220,344
Program expenses	86,585	-	86,585
Professional fees	1,620	16,466	18,086
Contractual	133,651	1,238	134,889
Occupancy	94,744	1,020	95,764
Training	32,703	749	33,452
Postage	2,618	3,581	6,199
Supplies	144,277	13,745	158,022
Telephone	30,777	3,295	34,072
Advertising	7,244	225	7,469
Food	215,596	-	215,596
Vehicle expenses	84,284	-	84,284
Insurance	45,968	732	46,700
Travel	42,529	4,633	47,162
Printing	273	774	1,047
Dues and subscriptions	4,567	586	5,153
Depreciation	45,275	2,739	48,014
Interest expense	-	374	374
Miscellaneous	21,890	24,062	45,952
	<u>21,890</u>	<u>24,062</u>	<u>45,952</u>
Total expenses	<u>\$ 6,295,158</u>	<u>669,768</u>	<u>6,964,926</u>

See accompanying notes to financial statements.

FULMONT COMMUNITY ACTION AGENCY, INC.  
 Statements of Cash Flows  
 Years ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets without donor restrictions	\$ 56,063	(13,038)
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by (used in) operating activities:		
Depreciation	51,349	48,014
Changes in:		
Receivables	94,988	(123,036)
Prepaid expenses	(10,996)	1,418
Accounts payable	(67,867)	21,530
Accrued expenses	26,191	35,061
Deferred revenue	<u>168,239</u>	<u>(36,033)</u>
Net cash provided by (used in) operating activities	<u>317,967</u>	<u>(66,084)</u>
Cash flows from investing activities:		
Change in investments - other	(1,114)	(1,664)
Purchases of leasehold improvements and equipment	<u>(23,875)</u>	<u>(19,456)</u>
Net cash used in investing activities	<u>(24,989)</u>	<u>(21,120)</u>
Change in cash and equivalents	292,978	(87,204)
Cash and equivalents at beginning of year	<u>247,563</u>	<u>334,767</u>
Cash and equivalents at end of year	<u>\$ 540,541</u>	<u>247,563</u>
Supplemental schedules of cash flow information:		
Cash paid during the year for interest	<u>\$ 455</u>	<u>374</u>
Disposal of fully depreciated equipment	<u>\$ 23,757</u>	<u>10,047</u>

See accompanying notes to financial statements.

FULMONT COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements

September 30, 2020 and 2019

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

Fulmont Community Action Agency, Inc. (the Agency) is a non-profit corporation serving Fulton, Montgomery and surrounding counties. Its primary purpose is to operate and administer programs to combat poverty and promote self-sufficiency among its target population. The Agency operates the following programs among others: Head Start, Nutrition, Energy Conservation, Children Services and Federal Emergency Management Agency.

(b) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(c) Basis of Presentation

The Agency reports 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. The Agency had only net assets without donor restrictions in 2020 and 2019.

(d) Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(e) Cash and Equivalents

For purposes of the statements of cash flows, the Agency considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(f) Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. Changes in the valuation allowance have not been material to the financial statements.

(g) Investments - Other

Certificates of deposit held for investment that are not debt securities are included in "investments - other." Certificates of deposit with remaining maturities greater than one year are classified as "long-term investments - other."

FULMONT COMMUNITY ACTION AGENCY, INC.  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(h) Capitalization and Depreciation

Leasehold improvements and equipment are recorded at cost or fair market value at the date of the gift in the case of donated leasehold improvements and equipment. Depreciation and amortization are provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Upon disposal of depreciable leasehold improvements and equipment, the appropriate accounts are reduced by the related costs and accumulated depreciation and amortization. The resulting gains and losses are reflected in the statements of activities.

Donations of leasehold improvements and equipment are reflected in the accompanying statements at their estimated fair market value at the date of receipt. The Agency's policy is to imply a time restriction on donated leasehold improvements and equipment. Donated leasehold improvements and equipment are recorded as support with donor restrictions and the restriction expires over the useful life of the property. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

(i) Deferred Revenue and Revenue Recognition

Government awards accounted for as exchange transactions are recorded as revenue when expenditures have been incurred in compliance with the awards restrictions. Amounts unspent are recorded in the statements of financial position as deferred revenue.

(j) In-Kind Support

The Agency receives donations without donor restrictions of various goods and services from outside parties. The donations include, but are not limited to, equipment, clothing, services, and food. All donations are without donor restrictions and used to support and further the Agency's objectives. The donations are reflected in the accompanying statements at their estimated fair market value at the date of receipt. In addition, many skilled and unskilled individuals have contributed significant amounts of time to the activities of the Agency without compensation. Contributed services are recognized as in-kind support and expense by the Agency when certain provisions are met. In-kind support and expenses of \$968,146 and \$1,473,761 for the years ended September 30, 2020 and 2019, respectively, have been recognized as in-kind support and expense by the Agency.

(k) Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and related benefits are allocated based on level of effort, building and related costs are allocated based on square footage and remaining expenses are directly allocated to either program or support.

FULMONT COMMUNITY ACTION AGENCY, INC.  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(l) Subsequent Events

The Agency has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the Agency and its future results and financial position is not presently determinable.

(m) Income Taxes

The Agency is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), therefore, no provision for income taxes is reflected in the financial statements. The Agency has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Agency presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Agency has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the Agency are subject to examination by taxing authorities.

(n) Recent Accounting Standards Issued

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, "Clarifying the Scope of Accounting Guidance for Contributions Received and Contributions Made." ASU 2018-08 provides clarification for determining if grants and contracts should be considered contributions or exchange transactions, as well as guidance for determining if a contribution is conditional. This guidance is effective for fiscal years beginning after December 15, 2018. These financial statements and notes reflect adoption of this new standard.

(2) Liquidity

The Agency has \$839,243 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of \$540,541 of cash and equivalents and \$298,702 of receivables. None of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the 2020 statement of financial position. As discussed in note 9, the Agency has a line of credit in the amount of \$200,000 in the event of an unanticipated liquidity need.

FULMONT COMMUNITY ACTION AGENCY, INC.  
Notes to Financial Statements, Continued

(3) Concentration of Credit Risk

The Agency provides social services primarily in the counties of Fulton, Montgomery and surrounding counties in the State of New York. A substantial portion of the Agency's receivables are due from Federal and New York State governmental agencies.

(4) Investments - Other

Included in investments - other are certificates of deposit at September 30, 2020 and 2019 summarized as follows:

	<u>2020</u>	<u>2019</u>
Certificate of deposit maturing October 13, 2020, bearing interest at 1.50%	\$ 5,057	-
Certificate of deposit maturing March 8, 2021, bearing interest at 2.423%	68,316	66,681
Certificate of deposit maturing December 13, 2019, bearing interest at 1.24%	<u>-</u>	<u>5,578</u>
Total investments - other	\$ <u>73,373</u>	<u>72,259</u>

(5) Leasehold Improvements and Equipment

Leasehold improvements and equipment at September 30, 2020 and 2019 are summarized as follows:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 371,656	371,656
Playground equipment	61,660	61,660
Vehicles	395,842	395,724
Furniture and equipment	144,343	144,343
Computers and software	<u>32,197</u>	<u>32,197</u>
	1,005,698	1,005,580
Less accumulated depreciation	<u>(832,268)</u>	<u>(804,676)</u>
Net leasehold improvements and equipment	\$ <u>173,430</u>	<u>200,904</u>

Depreciation expense totaled \$51,349 and \$48,014 for the years ended September 30, 2020 and 2019, respectively.

FULMONT COMMUNITY ACTION AGENCY, INC.  
Notes to Financial Statements, Continued

(6) Vested Vacation Wages

Included in accrued expenses is the Agency's liability for future payments of accrued vested vacation wages which amounted to \$112,303 and \$106,996 at September 30, 2020 and 2019, respectively. Under the terms of the existing personnel manual, the Agency's employees receive annual vacation leave. The number of days allowed is dependent on the employees' years of service. Vested vacation wages represents the leave paid to employees upon termination.

(7) Postemployment Benefit Payable

Included in accrued expenses is an accrued postemployment benefit payable to a key employee upon termination. This liability is funded through dedicated, non-grant savings. The postemployment benefit totaled \$134,772 and \$126,743 at September 30, 2020 and 2019, respectively.

(8) Deferred Revenue

Deferred revenue amounted to \$201,492 and \$33,253 at September 30, 2020 and 2019, respectively. This amount represents cash provided to the Agency in advance of the period to be benefited in order to provide working capital for the operation of the various programs of the Agency.

(9) Line of Credit

The Agency has an unsecured line of credit agreement with its bank in the amount of \$200,000. Any borrowings under the agreement are subject to a variable interest rate of 1% over the highest Wall Street Journal prime base lending rate (4.25% at September 30, 2020). There was no outstanding balance on this agreement at September 30, 2020 and 2019.

(10) Commitments

The Agency has several operating leases, primarily for program sites, which expire at various dates through June 30, 2022. Leases with respect to program sites generally do not exceed a one-year period or the remaining length of the grant contracts funding the program. Total rent expense amounted to \$38,113 and \$39,464 and is included in occupancy for the years ended September 30, 2020 and 2019, respectively. The following is a schedule of future minimum payments required under the above lease agreements:

2021	\$ 29,152
2022	18,611
2023	<u>6,075</u>
	\$ <u>53,838</u>

FULMONT COMMUNITY ACTION AGENCY, INC.  
Notes to Financial Statements, Continued

(11) Contingency

Under the terms of various grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such questioned costs could lead to reimbursement to the grantor agencies. Management believes that it would be able to provide support acceptable to the grantor and that any disallowances would not be material.

FULMONT COMMUNITY ACTION AGENCY, INC.  
Schedule of Expenditures of Federal Awards  
Year ended September 30, 2020

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. Department of Agriculture - pass-through New York				
State Department of Health:				
Special Supplemental Nutrition Program for Women, Infants and Children (2)	10.557	C30406GG	\$ 1,578,269	-
Child and Adult Care Food Program	10.558	CACFP2019	130,260	-
Child and Adult Care Food Program	10.558	CACFP2020	<u>1,893</u>	-
Total U.S. Department of Agriculture			<u>1,710,422</u>	-
U.S. Department of Energy - pass-through New York				
State Division of Housing and Community Renewal -				
Weatherization Assistance for Low-Income Persons	81.042	C093310-19	230,469	-
U.S. Department of Health and Human Services:				
Head Start (1)	93.600	02CH01085502	1,074,129	-
Head Start (1)	93.600	02CH01085502-Covid-19	79,196	-
Head Start (1)	93.600	0CH01085501	1,453,795	-
Pass-through New York State Department of State - Community Services Block Grant	93.569	C1000760	380,375	-
Pass-through New York State Division of Housing and Community Renewal - Low-Income Home Energy Assistance	93.568	C093310-19	<u>444,257</u>	-
Total U.S. Department of Health and Human Services			<u>3,431,752</u>	-
U.S. Department of Homeland Security - Emergency				
Food and Shelter National Board Program (1)	97.024	-	<u>5,251</u>	-
Total Federal Financial Assistance			<u>\$ 5,377,894</u>	-

(1) Direct Federal Award

(2) Includes Federal non-cash items, primarily nutrition vouchers totaling \$1,196,697

See accompanying notes to schedule of expenditures of federal awards.

FULMONT COMMUNITY ACTION AGENCY, INC.  
Notes to Schedule of Expenditures of Federal Awards  
September 30, 2020

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs administered by Fulmont Community Action Agency, Inc. (the Agency). Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the schedule of expenditures of federal awards.

(2) Basis of Accounting

The information is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

(3) Indirect Costs

The Agency has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

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

The Board of Directors  
Fulmont Community Action Agency, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Fulmont Community Action Agency, Inc. (the Agency) (a nonprofit organization), which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated January 11, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 Agency'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 the Agency'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

## Purpose of this Report

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

EFPR Group, CPAs, PLLC

Williamsville, New York  
January 11, 2021

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

The Board of Directors  
Fulmont Community Action Agency, Inc.:

Report on Compliance for Each Major Federal Program

We have audited Fulmont Community Action Agency, Inc.'s (the Agency) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Agency's major federal programs for the year ended September 30, 2020. The Agency's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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 the Agency'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 (CFR) 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 the Agency'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 the Agency's compliance.

### Opinion on Each Major Federal Program

In our opinion, Fulmont Community Action Agency, Inc. 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 September 30, 2020.

### Report on Internal Control Over Compliance

Management of the Agency 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 the Agency'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 the Agency's internal control over compliance.

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

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

### Purpose of this Report

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.

EFPR Group, CPAs, PLLC

Williamsville, New York  
January 11, 2021

FULMONT COMMUNITY ACTION AGENCY, INC.

Schedule of Findings and Questioned Costs

Year ended September 30, 2020

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- |   |       |     |     |               |
|---|-------|-----|-----|---------------|
| 1. Material weakness(es) identified?  | _____ | Yes | _x_ | No            |
| 2. Significant deficiency(ies) identified not considered to be material weakness(es)? | _____ | Yes | _x_ | None reported |
| 3. Noncompliance material to financial statements noted?                              | _____ | Yes | _x_ | No            |

Federal Awards:

Internal control over major programs:

- |   |       |     |     |               |
|---|-------|-----|-----|---------------|
| 4. Material weakness(es) identified?  | _____ | Yes | _x_ | No            |
| 5. Significant deficiency(ies) identified not considered to be material weakness(es)? | _____ | Yes | _x_ | None reported |

Type of auditors' report issued on compliance for major programs: Unmodified

- |  |       |     |     |    |
|--|-------|-----|-----|----|
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) (Uniform Guidance)? | _____ | Yes | _x_ | No |
|--|-------|-----|-----|----|

7. The Agency's major programs audited were:

<u>Name of Federal Programs</u>	<u>CFDA Number</u>
Special Supplement Nutrition for Women, Infants and Children	10.557
Head Start	93.600

8. Dollar threshold used to distinguish between Type A and Type B programs.	\$750,000
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9. Auditee qualified as low-risk auditee?	_x_	Yes	_____	No
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Part II - FINANCIAL STATEMENT FINDINGS SECTION

No reportable findings.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No reportable findings or questioned costs.

FULMONT COMMUNITY ACTION AGENCY, INC.  
Schedule of Prior Year Audit Findings  
September 30, 2020

There were no audit findings with regard to the prior year financial statements (September 30, 2019).