

IMPACT
Community Action
Columbus, Ohio

Financial Statements
For the Years Ended December 31, 2015 and 2014

IMPACT COMMUNITY ACTION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
IMPACT Community Action
Columbus, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of IMPACT Community Action (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years 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 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 audits 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.



INDEPENDENT AUDITORS' REPORT
(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IMPACT Community Action as of December 31, 2015 and 2014, 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, 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*, 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 also issued our report dated April 19, 2016, on our consideration of IMPACT Community Action'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 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 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 IMPACT Community Action's internal control over financial reporting and compliance.

Hemphill Wright & Associates, Inc.

Westerville, Ohio
April 19, 2016



**IMPACT Community Action
Statements of Financial Position
December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets		
Cash	\$ 1,644,838	\$ 1,782,908
Government Contributions Receivable (Note 3)	1,402,225	1,112,558
Materials Inventory	37,557	36,011
Other Current Assets	28,649	17,500
Total Current Assets	<u>3,113,269</u>	<u>2,948,977</u>
Property and Equipment		
Equipment and Vehicles, Net (Note 4)	78,517	81,666
TOTAL ASSETS	<u><u>\$ 3,191,786</u></u>	<u><u>\$ 3,030,643</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 325,521	\$ 211,632
Accrued Vacation and Salaries	138,480	122,369
Refundable Advances (Note 5)	513,777	517,893
Deferred Revenue	180,370	491,571
Total Current Liabilities	<u>1,158,148</u>	<u>1,343,465</u>
TOTAL LIABILITIES	<u>1,158,148</u>	<u>1,343,465</u>
NET ASSETS		
Total Unrestricted	<u>2,033,638</u>	<u>1,687,178</u>
Temporarily Restricted	<u>-</u>	<u>-</u>
TOTAL NET ASSETS	<u>2,033,638</u>	<u>1,687,178</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,191,786</u></u>	<u><u>\$ 3,030,643</u></u>

See Accompanying Notes to Financial Statements

IMPACT Community Action
Statement of Activities
For the Year Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
REVENUE		
Federal Grants	5,535,430	\$ 4,848,155
Other Grants		
City of Columbus	125,477	126,428
AEP HWAP Low-Income Program	1,105,516	1,308,637
ResCare Grant Revenue	-	-
Other Contributions	229,707	194,254
Interest Income	671	730
TOTAL REVENUE	<u>6,996,801</u>	<u>6,478,204</u>
 EXPENSES		
Program Expenses		
CSBG	2,751,441	2,141,553
HEAP	1,118,221	1,210,320
HWAP	1,361,836	1,410,946
DOL	250,173	-
HUD	117,930	-
Other Programs	913,413	1,655,454
Total Programs	<u>6,513,014</u>	<u>6,418,273</u>
Administrative & General	137,327	186,787
Total Expense	<u>6,650,341</u>	<u>6,605,060</u>
 Change in Net Assets	346,460	(126,856)
 Net Assets at Beginning of Year	<u>1,687,178</u>	<u>1,814,034</u>
 Net Assets at End of Year	<u><u>\$ 2,033,638</u></u>	<u><u>\$ 1,687,178</u></u>

See Accompanying Notes to Financial Statements

IMPACT Community Action
Statement of Functional Expenses
For the Year Ended December 31, 2015

	<u>CSBG</u>	<u>HEAP</u>	<u>HWAP</u>	<u>DOL</u>	<u>HUD</u>	<u>Non-Federal Programs</u>	<u>Total Programs</u>	<u>Administrative & General</u>	<u>Total</u>
Expenses									
Personnel	\$ 1,409,867	\$ 857,470	\$ 883,416	\$ 224,125	\$ 102,306	330,202	\$ 3,807,386	\$ 29,709	\$ 3,837,095
Contractual	394,114	58,357	61,088	2,195	2,988	35,701	554,443	200	554,643
Travel	17,373	1,001	4,755	815	402	3,844	28,190	(28)	28,162
Space Costs	174,760	90,646	85,609	6,075	5,981	25,792	388,863	6,723	395,586
Supplies	35,605	26,470	7,309	2,863	1,710	12,735	86,692	1,401	88,093
Equipment Lease/Purchase	155,641	22,276	10,385	533	310	1,000	190,145	912	191,057
Depreciation Expense	-	-	-	-	-	-	-	24,423	24,423
Materials	-	-	217,770	-	-	457,029	674,799	-	674,799
Client Assistance	382,727	-	-	8,018	-	27,625	418,370	704	419,074
Board Expenses	2,047	-	-	-	-	-	2,047	-	2,047
Training & Technical Assistance	27,211	3,551	5,754	79	-	2,626	39,221	-	39,221
Special Events / Marketing	5,285	-	-	-	-	-	5,285	48,004	53,289
Printing	3,240	2,200	466	144	151	9	6,210	-	6,210
Uniforms	742	547	6,103	-	-	64	7,456	-	7,456
Telephone Expense	23,892	13,982	9,319	2,124	1,727	5,545	56,589	-	56,589
Vehicle Expense	2,112	10	15,505	-	-	1,960	19,587	57	19,644
Program Income Expenditures	27,078	6,992	20,867	-	-	-	54,937	-	54,937
Other	89,747	34,719	33,490	3,202	2,355	9,281	172,794	25,222	198,016
TOTAL EXPENSES	<u>\$ 2,751,441</u>	<u>\$ 1,118,221</u>	<u>\$ 1,361,836</u>	<u>\$ 250,173</u>	<u>\$ 117,930</u>	<u>\$ 913,413</u>	<u>\$ 6,513,014</u>	<u>137,327</u>	<u>\$ 6,650,341</u>

See Accompanying Notes to Financial Statements

IMPACT Community Action
Statement of Functional Expenses
For the Year Ended December 31, 2014

	<u>CSBG</u>	<u>HEAP</u>	<u>HWAP</u>	<u>Non-Federal Programs</u>	<u>Total Programs</u>	<u>Administrative & General</u>	<u>Total</u>
Expenses							
Personnel	\$ 1,233,647	\$ 943,666	\$ 845,865	\$ 602,965	\$ 3,626,143	\$ -	\$ 3,626,143
Contractual	332,046	52,472	54,430	51,859	490,807	1,100	491,907
Travel	16,709	3,135	1,817	9	21,670	(57)	21,613
Space Costs	140,599	98,435	84,597	46,751	370,382	8,911	379,293
Supplies	69,524	45,816	4,789	11,532	131,661	3,590	135,251
Equipment Lease/Purchase	13,504	9,935	11,596	3,680	38,715	-	38,715
Depreciation Expense	-	-	-	-	-	94,510	94,510
Materials	-	-	325,916	886,681	1,212,597	3,249	1,215,846
Client Assistance	92,875	-	-	4,215	97,090	-	97,090
Board Expenses	2,263	-	-	-	2,263	166	2,429
Training & Technical Assistance	13,347	9,873	7,979	2,093	33,292	169	33,461
Special Events / Marketing	-	-	-	-	-	33,450	33,450
Printing	2,456	6,164	433	101	9,154	-	9,154
Uniforms	640	-	7,215	442	8,297	2,021	10,318
Telephone Expense	19,090	12,597	7,713	7,491	46,891	-	46,891
Vehicle Expense	1,343	545	26,074	5,293	33,255	96	33,351
Other	203,510	27,682	32,522	32,342	296,056	39,582	335,638
TOTAL EXPENSES	<u>\$ 2,141,553</u>	<u>\$ 1,210,320</u>	<u>\$ 1,410,946</u>	<u>\$ 1,655,454</u>	<u>\$ 6,418,273</u>	<u>\$ 186,787</u>	<u>\$ 6,605,060</u>

See Accompanying Notes to Financial Statements

IMPACT Community Action
Statements of Cash Flows
For the Years Ended December 31, 2015 and 2014

	2015	2014
Change in Net Assets	\$ 346,460	\$ (126,856)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation Expense	24,423	94,510
Changes in Assets:		
(Increase) in Government Contributions Receivable	(289,667)	(101,873)
Decrease in Materials Inventory	(1,546)	27,749
(Increase) Decrease in Other Current Assets	(11,149)	(533)
Changes in Liabilities:		
Increase (Decrease) in Accounts Payable	113,889	6,948
(Decrease) in Accrued Vacation and Salaries	16,111	(8,655)
Increase in Refundable Advances	(4,116)	31,158
Increase (Decrease) in Deferred Revenue	(311,201)	446,021
Net Cash Provided By Operating Activities	(116,796)	368,469
Cash Flows from Investing Activities		
Purchase of Equipment and Vehicles	(21,274)	(8,672)
Net Cash Used in Investing Activities	(21,274)	(8,672)
Net Increase in Cash	(138,070)	359,797
Cash at Beginning of Year	1,782,908	1,423,111
Cash at End of Year	1,644,838	\$ 1,782,908

See Accompanying Notes to Financial Statements

IMPACT Community Action
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Name and Mission of Agency

On June 20, 2008, the Agency's name changed from Columbus Franklin County Community Action Agency to IMPACT Community Action ("IMPACT") through an amendment to the Articles of Incorporation filed with the Secretary of State. Accordingly, the name was also changed with the Internal Revenue Service. IMPACT Community Action is a nonprofit organization whose mission is to reduce poverty by providing hope-inspiring help and real opportunities for self-sufficiency. IMPACT's programs and activities are supported primarily through funding received from the Ohio Development Services Agency and the City of Columbus.

Basis of Accounting

The Organization uses the accrual basis of accounting.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. There were no temporarily restricted or permanently restricted net assets at December 31, 2015.

Equipment and Vehicles

In accordance with grant award budgets approved by funding sources, equipment purchased with grant-awarded funds is charged to expenses in the period of purchase. As a result, the equipment expenses reflected in the statement of activities include the cost of equipment purchased or leased during the year. However, for GAAP reporting purposes, the cumulative cost of equipment purchased with grant funds has been reflected as an asset and corresponding valuation amount on the statement of financial position.

The equipment and vehicles acquired is owned by IMPACT Community Action while used in the program for which it was purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the equipment purchased with grant funds and, therefore, its disposition, as well as the ownership of any proceeds there from, is subject to funding source regulations.

Equipment purchased is recorded at cost, less accumulated depreciation. Depreciation of equipment is computed using the straight-line method over the estimated useful lives of the assets. IMPACT Community Action follows the policy of capitalizing all expenditures for purchased equipment of \$3,000 or greater. Expenditures of equipment, which increase the values or extend the useful lives of the respective assets, are capitalized. Routine maintenance and repairs, which do not improve or extend the useful lives of the respective assets, are charged to expenses as incurred.

IMPACT Community Action
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventory consists of Home Weather Assistance Program (HWAP) materials remaining at December 31, 2015 and 2014 and is priced at the average unit-cost per item remaining in inventory.

Revenue Recognition

Revenues are recognized in the accompanying financial statements as follows:

Grant Revenue - The amount due from various sources is recognized as revenue in the accounting period when the expenses are incurred and the grant funds are earned.

Interest Income - Interest income is recognized in the accounting period when it is earned.

Refundable Advances

Refundable advances represent monies advanced by the funding source for which the organization has not yet performed the contracted services as of December 31, 2015 (See NOTE 5 for additional details).

Deferred Revenues

Deferred revenue represents resources received from service beneficiaries for a particular program or activity that has not taken place as of December 31, 2015.

Accrued Vacation and Salaries

Vacation pay is accrued up to a maximum of two (2) weeks per eligible employee. As vacation time is subsequently paid and/or taken, the books are adjusted to reflect the change in the accumulated vacation liability. As of December 31, 2015 and 2014, the vacation and salary liability for all IMPACT projects was \$138,480 and \$122,369, respectively. These amounts are included on the statement of financial position in the liability line item "Accrued Vacation and Salaries".

Donor Imposed Restrictions

All contributions are to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports that support as unrestricted.

Income Taxes

IMPACT is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, IMPACT is also exempt from the Ohio Commercial Activities Tax. IMPACT's federal exempt organization tax returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

IMPACT Community Action
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 estimates and assumptions that affect certain 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 revenues and expenses during the reporting period. Accordingly, actual results may differ from those estimates.

Receivable

Government contributions receivable are stated at unpaid balances. It is IMPACT's policy to charge off uncollectible accounts when management determines the receivable will not be collected. The Organization considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Subsequent Events

Generally accepted accounting principles define subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements are issued or are available to be issued. Management has evaluated subsequent events through April 19, 2016, the date on which the financial statements were available to be issued.

NOTE 2 - CONCENTRATION OF CREDIT RISK
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IMPACT's funds contained in its cash balance are held in one financial institution. This institution provides insurance coverage up to \$250,000 through the Federal Deposit Insurance Corporation (FDIC) for accounts earning interest. As of December 31, 2015 and 2014, IMPACT's cash balance had been migrated to the Chase Ohio Public Funds, which means that all of its cash balance is protected and insured from risk of loss through US Treasury Bonds pledged by the financial institution.

IMPACT Community Action
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

NOTE 3 - GOVERNMENT CONTRIBUTIONS RECEIVABLE

The government contributions receivable balance consisted of the following as of December 31:

<u>Program</u>	<u>2015</u>	<u>2014</u>
CSBG	\$753,448	\$ 632,451
HEAP	203,853	126,486
HWAP	100,687	101,962
City of Columbus	4,899	53,664
AEP	190,304	189,620
Mid-Ohio Regional Planning Commission	-	1,820
Central Ohio Workforce Investment Corporation	148,470	6,555
MCS-TOUCH	564	
TOTAL	<u>\$1,402,225</u>	<u>\$1,112,558</u>

NOTE 4 - EQUIPMENT AND VEHICLES

As discussed above in NOTE 1 to the financial statements, purchased assets are capitalized and depreciated over their useful lives. The funding source holds a reversionary interest in grant-funded assets. Depreciation expense for the years ended December 31, 2015 and 2014 was \$24,423 and \$94,510, respectively. As of December 31, 2015 and 2014, equipment and vehicles owned by IMPACT consisted of the following:

	<u>2015</u>	<u>2014</u>
Equipment and Vehicles	\$1,044,768	\$1,023,495
Less: Accumulated Depreciation	(966,251)	(941,829)
NET BOOK VALUE	<u>\$78,517</u>	<u>\$ 81,666</u>

NOTE 5 - REFUNDABLE ADVANCES

Refundable advances are discussed above in NOTE 1 to the financial statements. The refundable advances balance consisted of the following as of December 31:

<u>Program</u>	<u>2015</u>	<u>2014</u>
HEAP	\$231,678	\$248,594
HWAP	202,953	269,299
Chase - Workforce Development	79,146	-
TOTAL	<u>\$513,777</u>	<u>\$517,893</u>

IMPACT Community Action
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

NOTE 6 - PENSION PLAN

IMPACT sponsors a 403(b) defined contribution pension plan. Employees are eligible to participate in the plan if they are at least 21 years old. IMPACT has agreed to contribute 1% of the base salary of each eligible employee, plus up to an additional 4% of each employee's contribution, after they have completed one year and 1,000 hours of service. The contributions made by IMPACT to the pension plan for the years ended December 31, 2015 and 2014 were \$63,387 and \$63,462, respectively. The employees' contribution rate is limited only to the statutorily permissible maximum.

Vesting of employees' benefits for the 403(b) defined contribution pension plan is as follows:

<u>Years of Continuous Service</u>	<u>Vested Interest</u>
After 1 Year	34%
After 2 Years	67%
After 3 Years	100%

NOTE 7 - COST ALLOCATION

IMPACT allocates joint costs to benefiting programs using various allocation methods depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of all of IMPACT's programs, but which cannot be readily identified with a final cost objective. IMPACT's joint cost and cost allocation methods are as follows:

Personnel

IMPACT's administrative and financial personnel (Chief Executive Officer, Chief Operating Officer, Executive Administrator, Human Resources Director, Chief Financial Officer, Administrative Assistant, HR Manager) salaries are allocated based on the results of periodic task analysis designed to track the time spent on various programs administered by IMPACT. All time incurred by IMPACT's administrative and financial personnel, that can be specifically identified to a particular program, is charged to that program.

Building

Space costs (maintenance costs, rent, repairs, etc.) are allocated based on the number of square feet of space each program occupies. All space costs charged to the Ohio Development Services Agency (ODSA) programs are allocated in accordance with cost principles approved by the ODSA. Space costs charged to IMPACT's other programs are made in compliance with OMB Uniform Grant Guidance.

Program Costs

Direct program costs (supplies, phone, equipment, customer program costs, etc.) are charged based on the amounts that are approved by the individual funding sources on the annual program budgets.

**IMPACT Community Action
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014**

NOTE 7 - COST ALLOCATION (Continued)

Insurance

Insurance costs are allocated to the respective benefiting programs depending on the specific equipment, space, or people covered by the insurance.

Phone

Phone costs are allocated based on the number of telephone lines used by each program. Cellular phone costs are allocated based upon the allocation of the personnel who utilize them.

NOTE 8 - OPERATING LEASES

IMPACT leases office space for its primary office and for its HWAP program. In addition, IMPACT leases various equipment for use in its operations. The total rent expense under the various operating leases for the years ended December 31, 2015 and 2014 was \$323,775 and \$351,484, respectively.

The future minimum lease payments due under these various operating leases with initial or remaining years' terms of one year or more are as follows:

For the year ending December 31,	Amount
2016	\$ 330,400
2017	312,000
2018	130,000
TOTAL	\$ 772,400

The lease for the building on Bryden Road expires on May 31, 2018, and is \$26,000 monthly. The lease for the warehouse on Alum Creek Drive is \$2,200 monthly and expires on February 28, 2016. From March 1, 2016 to June 30, 2016 the warehouse rent is \$3,500 monthly and expires thereafter.

NOTE 9 - CONTINGENCY

The grant programs of IMPACT are subject to an audit by agents of the granting authorities, which is to ensure compliance with conditions precedent to the granting of funds. Revenues generated by the grant programs may be disallowed in subsequent periods as a result of these audits.

**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 Directors of
IMPACT Community Action
Columbus, Ohio

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 IMPACT Community Action (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 19, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered IMPACT Community Action'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 IMPACT Community Action's internal control. Accordingly, we do not express an opinion on the effectiveness of the IMPACT Community Action's internal control.

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

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



**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*
(Continued)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether IMPACT Community Action's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Hemphill Wright & Associates, Inc.

Westerville, Ohio
April 19, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
IMPACT Community Action
Columbus, Ohio

Report on Compliance for Each Major Federal Program

We have audited IMPACT Community Action's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of IMPACT Community Action's major federal programs for the year ended December 31, 2015. IMPACT Community Action'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 the 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 IMPACT Community Action'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 IMPACT Community Action'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 IMPACT Community Action's compliance.

Opinion on Each Major Federal Program

In our opinion, IMPACT Community Action 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 December 31, 2015.



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE-continued

Report on Internal Control over Compliance

Management of IMPACT Community Action 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 IMPACT Community Action'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 IMPACT Community Action's internal control over compliance.

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

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

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

Hemphill Wright & Associates, Inc.

Westerville, Ohio
April 19, 2016

**IMPACT Community Action
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass-Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
CSBG Cluster			
<u>Department of Health & Human Services Passed Through Programs</u>			
Passed through Ohio Development Services Agency			
CSBG	1415-23	93.569	\$ 2,434,051
CSBG - T&TA (Note 3)	14-502	93.569	\$ 25,166
CSBG - T&TA (Note 3)	15-502	93.569	262,224
CSBG - T&TA (Note 3)	15-503	93.569	30,000
<i>Total Community Services Block Grant</i>			<u>2,751,441</u>
<i>Total Passed through Ohio Development Services Agency</i>			<u>2,751,441</u>
<i>Total Department of Health and Human Services Pass-Through Programs</i>			<u>2,751,441</u>
<i>Total Department of Health and Human Services</i>			<u>2,751,441</u>
Total CSBG Cluster			<u>2,751,441</u>
Other Programs			
<u>Department of Energy Passed Through Programs</u>			
Passed through Ohio Development Services Agency			
Weatherization Assistance for Low-Income Persons	DOE 14-145	81.042	54,338
Weatherization Assistance for Low-Income Persons	DOE 15-145	81.042	409,362
<i>Total Weatherization Assistance for Low-Income Persons</i>			<u>463,700</u>
<i>Total Passed through Ohio Development Services Agency</i>			<u>463,700</u>
<i>Total Department of Energy Pass-Through Programs</i>			<u>463,700</u>
<i>Total Department of Energy</i>			<u>463,700</u>
<u>Department of Health & Human Services Passed Through Programs</u>			
Passed through Ohio Development Services Agency			
Low-Income Home Energy Assistance (HEAP)	15-HA-122	93.568	781,011
Low-Income Home Energy Assistance (HEAP)	15-HA-122	93.568	337,210
Low-Income Home Energy Assistance (Weatherization)	HHS 14-145	93.568	684,795
Low-Income Home Energy Assistance (Weatherization)	HHS 15-145	93.568	213,341
<i>Total Low-Income Home Energy Assistance</i>			<u>2,016,357</u>
<i>Total Passed through Ohio Development Services Agency</i>			<u>2,016,357</u>
<i>Total Department of Health and Human Services Pass-Through Programs</i>			<u>2,016,357</u>
<i>Total Department of Health and Human Services</i>			<u>2,016,357</u>
<u>Department of Labor Passed Through Programs</u>			
Passed through Central Ohio Workforce Investment Corporation			
WIOA Out of School Youth	15OS1A1115	17.259	148,470
WIA Adult and Dislocated Workers Services	13AD1A1115	17.258, 17.278	101,139
<i>Total WIOA Out of School Youth & WIA Adult and Dislocated Workers Services</i>			<u>249,609</u>
<i>Total Passed through Central Ohio Workforce Investment Corporation</i>			<u>249,609</u>
Passed through Metropolitan Community Services - T.O.U.C.H.			
Training to Work 3 - Adult Re-Entry		17.270	565
<i>Total Training to Work 3 - Adult Re-Entry</i>			<u>565</u>
<i>Total Passed through Metropolitan Community Services - T.O.U.C.H.</i>			<u>565</u>
<i>Total Department of Labor Pass-Through Programs</i>			<u>250,174</u>
<i>Total Department of Labor</i>			<u>250,174</u>
<u>Department of Housing and Urban Development Passed Through Programs</u>			
Passed through Urban Strategies, Inc.			
Choice Neighborhoods Implementation Grants		14.889	117,929
<i>Total Choice Neighborhoods Implementation Grants</i>			<u>117,929</u>
<i>Total Passed through Urban Strategies, Inc.</i>			<u>117,929</u>
<i>Total Department of Housing and Urban Development Pass-Through Programs</i>			<u>117,929</u>
<i>Total Department of Housing and Urban Development</i>			<u>117,929</u>
Total Other Programs			<u>2,848,160</u>
Total Expenditures of Federal Awards			<u>\$ 5,599,601</u>

IMPACT Community Action
Note to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of IMPACT Community Action under programs of the federal government for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirements OMB Uniform Grant Guidance (2CFR 200). Because the schedule presents only a selected portion of the operations of IMPACT Community Action, it is not intended to and does not present the financial position, changes in net assets or cash flows of IMPACT Community Action.

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 OMB Uniform Grant Guidance (2CFR 200), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 - PAYMENTS TO SUBRECIPIENTS

IMPACT Community Action had one subrecipient, The Breathing Association, to which it paid \$242,665 for the operation of a Mobile Medical Unit during 2015. These payments were included in the schedule of federal expenditures of federal awards under grants 14-502 and 15-502 (CSBG T&TA), CFDA Number 93.569.

**IMPACT Community Action
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2015**

Section I — Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes _____ **X** 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? _____ yes _____ **X** no
- Significant deficiency(ies) identified? _____ yes _____ **X** none reported

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? _____ yes _____ **X** no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.569	Community Services Block Grant (CSBG)

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____ **X** yes _____ no

**IMPACT Community Action
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2015
(Continued)**

Section II — Financial Statement Findings
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None noted

Section III — Federal Award Findings and Questioned Costs
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None noted

**INDEPENDENT AUDITOR'S REPORT
ON ADDITIONAL INFORMATION**

To the Board of Directors of
IMPACT Community Action
Columbus, Ohio

We have audited the financial statements of IMPACT Community Action as of and for the year ended December 31, 2015, and have issued our report thereon dated April 19, 2016, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The information included in the Supplementary Schedules on pages 23-25 is presented for the 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 not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Hemphill Wright & Associates, Inc.

Westerville, Ohio
April 19, 2016



IMPACT Community Action
Combining Statement of Activities and Functional Expenditures (By Project)
For the Year Ended December 31, 2015

	30012	30014	30101		34014	31065	31066	31064	31600	31500	Subtotal	
	AEP	AEP	MORPC		CSBG	CSBG	CSBG T&TA	CSBG T&TA	HEAP	HEAP	This Page	
	Low-Income	Low-Income	Inspection Grant	Total	1/1/14-12/31/15	1/1/14-12/31/14	1/1/15-12/31/15	1/1/15-12/31/15	(9/01/15-08/31/16)	9/1/14-8/31/15	Temporarily	
	(01/1/14-3/31/15)	4/1/15-12/31/16	(04/01/12-3/31/15)	Unrestricted	1415-23	14-102	15-502	15-503	15-HA122	14-HA-122	Restricted	
REVENUE	General											
Federal Contributions	\$ -	\$ -	\$ -	\$ -	\$ 2,423,093	\$ 25,166	\$ 262,224	\$ 30,000	\$ 333,947	\$ 788,268	\$ 3,862,698	
Interest Revenue	243	70	15	328	7	-	-	-	14	101	122	
Other Contributions	94,454	688,565	416,951	1,321	1,201,291	10,951	-	-	3,249	(6,903)	7,297	
TOTAL REVENUE	94,697	688,635	416,966	1,321	1,201,619	2,434,051	25,166	262,224	30,000	337,210	781,466	3,870,117
EXPENDITURES												
Personnel	29,709	101,724	56,490	-	\$ 187,923	1,388,464	1,844	19,559	-	272,769	584,701	2,267,337
Contractual	200	7,692	19,663	-	27,555	126,327	23,322	242,665	1,800	13,189	45,168	452,471
Travel	(28)	1,156	-	-	1,128	17,373	-	-	-	-	1,001	18,374
Space Costs	6,723	4,595	7,859	-	19,177	174,760	-	-	-	30,764	59,882	265,406
Supplies	1,401	1,507	2,973	-	5,881	35,605	-	-	-	5,336	21,134	62,075
Equipment Lease / Purchase	912	297	360	-	1,569	127,441	-	-	28,200	1,216	21,060	177,917
Depreciation Expense	24,423	-	-	-	24,423	-	-	-	-	-	-	-
Materials	-	134,492	322,537	-	457,029	-	-	-	-	-	-	-
Client Assistance	704	300	-	-	1,004	382,727	-	-	-	-	-	382,727
Board Expenses	-	-	-	-	-	2,047	-	-	-	-	-	2,047
Training & Technical Assistance	-	-	3	-	3	27,211	-	-	-	15	3,536	30,762
Special Events / Marketing	48,004	-	-	-	48,004	5,285	-	-	-	-	-	5,285
Printing	-	-	-	-	-	3,240	-	-	-	154	2,046	5,440
Uniforms	-	64	-	-	64	742	-	-	-	-	547	1,289
Telephone Expense	-	1,397	2,127	-	3,524	23,892	-	-	-	4,584	9,398	37,874
Vehicle Expense	57	1,441	294	225	2,017	2,112	-	-	-	-	10	2,122
Program Income Expenditures	-	-	-	-	-	27,078	-	-	-	-	6,992	34,070
Other	25,219	1,863	4,660	-	31,742	89,747	-	-	-	9,183	25,536	124,466
TOTAL EXPENDITURES	137,324	256,528	416,966	225	811,043	2,434,051	25,166	262,224	30,000	337,210	781,011	3,869,662
Change in Net Assets	(42,627)	432,107	-	1,096	390,576	-	-	-	-	455	455	
Change in Estimates	-	-	-	-	-	-	-	-	-	-	-	
Net Assets at Beginning of Year	-	-	-	-	-	-	-	-	-	-	-	
Net Assets at End of Year	\$ (42,627)	\$ 432,107	\$ -	\$ 1,096	\$ 390,576	\$ -	\$ -	\$ -	\$ -	\$ 455	\$ 455	

See Accompanying Independent Auditor's Report on Additional Information

IMPACT Community Action
Combining Statement of Activities and Functional Expenditures (By Project)
For the Year Ended December 31, 2015

	31035 City of Columbus Computer Lab Grant 4/1/14-3/31/15	30200 City of Columbus Operation Hope 7/1/14-6/30/15	31034 City of Columbus WFD Grant 7/1/15-6/30/16	30021 DOL Training to Work (11/1/15-10/31/17)	31424 HHS (HWAP) (07/01/14-06/30/15) 14-145	31425 HHS (HWAP) (07/01/15-06/30/16) 15-145	31414 DOE (HWAP) (07/01/14-6/30/15) 14-145	31415 DOE (HWAP) (07/01/14-6/30/15) 15-145	Subtotal This Page Temporarily Restricted
REVENUE									
Federal Contributions	\$ -	\$ -	\$ -	\$ 564	\$ 688,060	\$ 197,059	\$ 56,316	\$ 405,877	\$ 1,347,876
Interest Revenue	-	-	4	-	(62)	217	(22)	21	158
Other Contributions	32,659	62,759	30,059	-	(3,625)	16,066	(3,464)	3,463	137,917
TOTAL REVENUE	<u>32,659</u>	<u>62,759</u>	<u>30,063</u>	<u>564</u>	<u>684,373</u>	<u>213,342</u>	<u>52,830</u>	<u>409,361</u>	<u>1,485,951</u>
EXPENDITURES									
Personnel	22,317	54,498	28,620	524	430,389	93,774	22,126	337,126	989,374
Contractual	1,328	994	94	-	37,783	12,411	3,000	7,895	63,505
Travel	-	238	-	-	-	-	3,250	1,505	4,993
Space Costs	7,452	723	540	5	31,830	34,393	18,522	863	94,329
Supplies	752	3,994	81	22	2,669	4,197	344	99	12,159
Equipment Lease / Purchase	28	93	39	-	8,135	2,367	28	-	10,690
Depreciation Expense	-	-	-	-	-	-	-	-	-
Materials	-	-	-	-	135,500	26,711	(295)	55,854	217,770
Client Assistance	-	-	-	-	-	-	-	-	-
Board Expenses	-	-	-	-	-	-	-	-	-
Training & Technical Assistance	-	1,125	1	-	-	6	4,094	1,655	6,881
Special Events / Marketing	-	-	-	-	-	-	-	-	-
Printing	9	-	-	-	466	-	-	-	475
Uniforms	-	-	-	-	3,016	3,087	-	-	6,103
Telephone Expense	319	496	342	-	4,353	4,440	367	159	10,477
Vehicle Expense	-	-	-	-	15,883	(378)	-	-	15,505
Program Income Expenditures	-	-	-	-	-	20,867	-	-	20,867
Other	453	601	345	13	14,771	11,467	2,902	4,207	34,759
TOTAL EXPENDITURES	<u>32,659</u>	<u>62,763</u>	<u>30,063</u>	<u>564</u>	<u>684,795</u>	<u>213,342</u>	<u>54,338</u>	<u>409,363</u>	<u>1,487,887</u>
Change in Net Assets	-	(4)	-	-	(422)	-	(1,508)	(2)	(1,936)
Change in Estimates	-	-	-	-	-	-	-	-	-
Net Assets at Beginning of Year	-	-	-	-	-	-	-	-	-
Net Assets at End of Year	<u>\$ -</u>	<u>\$ (4)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (422)</u>	<u>\$ -</u>	<u>\$ (1,508)</u>	<u>\$ (2)</u>	<u>\$ (1,936)</u>

See Accompanying Independent Auditor's Report on Additional Information

IMPACT Community Action
Combining Statement of Activities and Functional Expenditures (By Project)
For the Year Ended December 31, 2015

	30052	30051	30080	30300	30072	30070	Total Temporarily Restricted	Unrestricted	Total Unrestricted & Temporarily Restricted
	Chase Financial Integration 8/26/15-8/15/16	Chase Financial Integration 8/18/14-8/17/15	Bank of America CFED 11/25/13-5/31/15	Choice Heighborhood 1/1/15-12/31/15	COWIC REACH 7/1/15-6/30/16	COWIC Adult Employment (10/01/13-09/30/15)			
REVENUE									
Federal Contributions	\$ -	\$ -	\$ -	\$ 115,754	\$ 148,470	\$ 60,632	\$ 5,535,430	\$ -	\$ 5,535,430
Interest Revenue	31	32	-	-	-	-	343	328	671
Other Contributions	20,854	88,303	5,038	-	-	-	259,409	1,201,291	1,460,700
TOTAL REVENUE	<u>20,885</u>	<u>88,335</u>	<u>5,038</u>	<u>115,754</u>	<u>148,470</u>	<u>60,632</u>	<u>5,795,182</u>	<u>1,201,619</u>	<u>6,996,801</u>
EXPENDITURES									
Personnel	18,174	48,382	-	102,306	133,299	90,302	3,649,174	187,923	3,837,097
Contractual	-	932	4,998	2,988	649	1,547	527,089	27,555	554,644
Travel	210	1,500	740	402	352	463	27,034	1,128	28,162
Space Costs	11	4,577	-	5,981	2,507	3,564	376,374	19,177	395,551
Supplies	17	3,410	-	1,758	1,830	1,012	82,260	5,881	88,141
Equipment Lease / Purchase	13	169	-	310	231	302	189,632	1,569	191,201
Depreciation Expense	-	-	-	-	-	-	-	24,423	24,423
Materials	-	-	-	-	-	-	217,770	457,029	674,799
Client Assistance	2,325	25,000	-	-	6,903	1,114	418,070	1,004	419,074
Board Expenses	-	-	-	-	-	-	2,047	-	2,047
Training & Technical Assistance	35	2,162	(700)	-	79	-	39,219	3	39,222
Special Events / Marketing	-	-	-	-	-	-	5,285	48,004	53,289
Printing	-	-	-	151	144	-	6,210	-	6,210
Uniforms	-	-	-	-	-	-	7,392	64	7,456
Telephone Expense	24	839	-	1,727	871	1,253	53,066	3,524	56,590
Vehicle Expense	-	-	-	-	-	-	17,627	2,017	19,644
Program Income Expenditures	-	-	-	-	-	-	54,937	-	54,937
Other	76	1,316	-	2,307	1,605	1,583	166,112	31,742	197,854
TOTAL EXPENDITURES	<u>20,885</u>	<u>88,288</u>	<u>5,038</u>	<u>117,929</u>	<u>148,470</u>	<u>101,139</u>	<u>5,839,298</u>	<u>811,043</u>	<u>6,650,341</u>
Change in Net Assets	-	47	-	(2,175)	-	(40,507)	(44,116)	390,576	346,460
Change in Estimate	-	-	-	-	-	-	-	-	-
Net Assets at Beginning of Year	-	-	-	-	-	-	-	1,687,178	1,687,178
Net Assets at End of Year	<u>\$ -</u>	<u>\$ 47</u>	<u>\$ -</u>	<u>\$ (2,175)</u>	<u>\$ -</u>	<u>\$ (40,507)</u>	<u>\$ (44,116)</u>	<u>\$ 2,077,754</u>	<u>\$ 2,033,638</u>

See Accompanying Independent Auditor's Report on Additional Information