



Virginia Community Action Partnership, Inc.

Financial Statements

June 30, 2024 and 2023

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Independent Auditor's Report

To the Board of Directors
Virginia Community Action Partnership, Inc.
Richmond, Virginia

Report on the Audit of the Financial Statements**Opinion**

We have audited the accompanying financial statements of the Virginia Community Action Partnership, Inc. which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Virginia Community Action Partnership, Inc. as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of VACAP and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Virginia Community Action Partnership, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Virginia Community Action Partnership, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Virginia Community Action Partnership, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations 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 schedule of expenditures of federal awards 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 November 26, 2024, on our consideration of the Virginia Community Action Partnership, Inc.'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 Virginia Community Action Partnership, Inc.'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 Virginia Community Action Partnership, Inc.'s internal control over financial reporting and compliance.

Report on Comparative Information

We have previously audited the Virginia Community Action Partnership, Inc.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 23, 2023. That audit was conducted in accordance with auditing standards generally accepted in the United States of America.

Meadow Urgulant Cree + Cook, LLP

Henrico, Virginia
November 26, 2024

Virginia Community Action Partnership, Inc.

Statements of Financial Position

June 30, 2024 and 2023

	2024	2023
Assets		
Current assets		
Cash and cash equivalents	\$ 366,286	\$ 328,305
Accounts receivables	30,454	51,787
Investments	1,050,161	909,134
Deposits and prepaids	3,792	5,886
Total current assets	<u>1,450,693</u>	<u>1,295,112</u>
Fixed Assets		
Equipment	25,670	23,817
Accumulated depreciation	(20,616)	(20,000)
Total fixed assets	<u>5,054</u>	<u>3,817</u>
Operating lease right of use asset, net	<u>73,394</u>	<u>16,266</u>
Total assets	<u><u>\$ 1,529,141</u></u>	<u><u>\$ 1,315,195</u></u>
Liabilities and Net Assets		
Current liabilities		
Payroll liabilities	\$ 55,923	\$ 15,626
Deferred revenue	77,022	10,000
Other liabilities	42,674	31,510
Accrued expenses	16,072	5,981
Operating lease liability	25,164	16,696
Total current liabilities	<u>216,855</u>	<u>79,813</u>
Operating lease liability, long term	<u>48,530</u>	<u>-</u>
Total liabilities	<u>265,385</u>	<u>79,813</u>
Net assets without donor restrictions	<u>1,263,756</u>	<u>1,235,382</u>
Total liabilities and net assets	<u><u>\$ 1,529,141</u></u>	<u><u>\$ 1,315,195</u></u>

See Accompanying Notes to Financial Statements and Independent Auditor's Report.

Virginia Community Action Partnership, Inc.

Statements of Activities and Changes in Net Assets
Years Ended June 30, 2024 and 2023

	2024	2023
Revenue and support		
Government grants	\$ 808,260	\$ 214,039
Earned income tax credit revenue	251,725	238,725
Membership and conference revenue	223,758	210,422
Investment return	143,339	92,017
Sponsorship revenue	114,000	139,000
Training revenue	50,000	200,000
Legislative revenue	49,002	49,002
Miscellaneous revenue	5,927	-
Total revenue and support	1,646,011	1,143,205
Expenses		
Program services	1,423,529	863,930
Management and general	146,744	85,002
Legislative	47,364	47,732
Total expenses	1,617,637	996,664
Change in net assets	28,374	146,541
Net assets, beginning of year	1,235,382	1,088,841
Net assets, end of year	<u>\$ 1,263,756</u>	<u>\$ 1,235,382</u>

See Accompanying Notes to Financial Statements and Independent Auditor's Report.

Virginia Community Action Partnership, Inc.

Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Change in net assets	\$ 28,374	\$ 146,541
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation	1,297	1,553
Unrealized and realized net gain on investments	(141,027)	(78,695)
Decrease (increase) in:		
Accounts receivables	21,333	(8,525)
Deposits and prepaids	2,094	(3,466)
Operating lease right of use asset, net	(57,128)	23,340
Increase (decrease) in:		
Accounts payable	-	(551)
Payroll liabilities	40,297	7,669
Deferred revenue	67,022	10,000
Other liabilities	11,164	18,298
Accrued expenses	10,091	5,950
Operating lease liability	56,998	(22,910)
Net cash provided by operating activities	<u>40,515</u>	<u>99,204</u>
Cash Flows From Investing Activities		
Net purchases of investments	-	(12,537)
Purchase of fixed assets	(2,534)	(471)
Net cash used in investing activities	<u>(2,534)</u>	<u>(13,008)</u>
Net change in cash	37,981	86,196
Cash and cash equivalents, beginning of year	328,305	242,109
Cash and cash equivalents, of year	<u>\$ 366,286</u>	<u>\$ 328,305</u>
Supplemental Disclosure of Cash Flow Information:		
Cash payments for:		
Amounts included in the measurement of operating lease liability	<u>\$ 26,926</u>	<u>\$ 25,044</u>
Noncash transactions		
Right of use asset acquired through operating lease	<u>\$ 82,091</u>	<u>\$ -</u>

See Accompanying Notes to Financial Statements and Independent Auditor's Report.

Virginia Community Action Partnership, Inc.

Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services		Supporting Services		Total
	Membership	Projects	Management and General	Legislative	
Salaries	\$ 214,068	\$ 208,862	\$ 13,781	\$ -	\$ 436,711
Payroll tax and fringe benefits	86,021	47,485	5,539	-	139,045
Total payroll expenses	300,089	256,347	19,320	-	575,756
Grant disbursements	15,000	738,472	-	-	753,472
Professional fees	594	-	71,127	-	71,721
State legislative expense	100	-	-	47,364	47,464
Training	34,420	5,190	2,250	-	41,860
Occupancy	43	-	40,568	-	40,611
Conference expense	29,478	1,581	-	-	31,059
Travel	12,035	5,552	759	-	18,346
Membership	-	12,750	-	-	12,750
Subscriptions	8,175	-	2,090	-	10,265
Office supplies	1,875	-	5,875	-	7,750
Bank fees	477	80	1,354	-	1,911
Insurance	-	-	1,416	-	1,416
Depreciation	-	-	1,297	-	1,297
Miscellaneous	308	-	688	-	996
Equipment	963	-	-	-	963
Total expenses	\$ 403,557	\$ 1,019,972	\$ 146,744	\$ 47,364	\$ 1,617,637

See Accompanying Notes to Financial Statements and Independent Auditor's Report.

Virginia Community Action Partnership, Inc.

Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services		Supporting Services		Total
	Membership	Projects	Management and General	Legislative	
Salaries	\$ 127,158	\$ 184,676	\$ 5,710	\$ -	\$ 317,544
Payroll tax and fringe benefits	33,374	50,532	1,256	-	85,162
Total payroll expenses	160,532	235,208	6,966	-	402,706
Grant disbursements	-	206,600	-	-	206,600
Training	6,007	145,087	-	-	151,094
Professional fees	14,532	2,474	43,950	-	60,956
State legislative expense	-	-	-	47,449	47,449
Occupancy	17,671	-	16,944	-	34,615
Conference expense	30,266	1,095	-	-	31,361
Membership	15,875	-	-	-	15,875
Travel	5,419	7,412	135	228	13,194
Subscriptions	3,274	694	6,614	-	10,582
Miscellaneous	8,506	13	948	55	9,522
Office supplies	1,067	1,334	5,752	-	8,153
Bank fees	622	-	1,564	-	2,186
Depreciation	-	-	1,553	-	1,553
Insurance	-	-	576	-	576
Equipment	69	173	-	-	242
Total expenses	\$ 263,840	\$ 600,090	\$ 85,002	\$ 47,732	\$ 996,664

See Accompanying Notes to Financial Statements and Independent Auditor's Report.

Virginia Community Action Partnership, Inc.

Notes to Financial Statements

Note 1—Organization and Business

Virginia Community Action Partnership, Inc. (VACAP) is a tax-exempt not-for-profit organization. VACAP acts as the statewide organization for Virginia's thirty-one non-profit and public Community Action Agencies. VACAP's primary purpose is to assist community action agencies in providing programs to assist needy individuals and their families to combat poverty and build self-sufficiency. VACAP serves its members with state and federal legislative representation and advocacy, member training and education, public relations and marketing, resource development, facilitating collaboration, and statewide efforts to increase public awareness of Virginians in poverty and strategies to improve their lives and their communities.

Note 2—Summary of Significant Accounting Policies

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

Basis of presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. VACAP is required to report information regarding its financial position and activities according to two classes of net assets: without donor restriction and with donor restriction.

Without donor restriction: Assets available at the discretion of the Board of Directors for use in operations and those resources invested in property and equipment.

With donor restriction: Assets stipulated by donors or grantors for specific program purposes. When a donor restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Restricted revenue whose restrictions are met in the same year is reflected as unrestricted revenue.

Leases: VACAP recognizes leases in accordance with ASC Topic 842, *Leases*, and subsequently issued additional related ASUs ("ASC 842, *Leases*").

VACAP enters into leasing arrangements in the ordinary course of business as a lessee of office space.

VACAP determines whether an arrangement is a lease at inception. Right of use (ROU) lease assets represent VACAP's right to use an underlying asset for the lease term, and lease liabilities represent VACAP's obligation to make lease payments arising from the lease. Other than for leases with an initial term of twelve months or less, operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, VACAP uses an incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives prior to the lease commencement date. Lease terms may include options to extend or terminate the lease when it is reasonably certain that VACAP will exercise that option.

Virginia Community Action Partnership, Inc.

Notes to Financial Statements

Note 2—Summary of Significant Accounting Policies (continued)

Income taxes: VACAP is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. VACAP has determined that it does not have any material unrecognized tax benefits or obligations as of June 30, 2024 or 2023.

Cash and cash equivalents: For purposes of reporting cash flows, VACAP considers cash equivalents to include certificates of deposit and other highly liquid debt instruments purchased with an original maturity of three months or less.

Fixed assets: Property and equipment are stated at cost at the date of acquisition. Donated property and equipment are stated at fair market value at the date of donation. Depreciation is computed by the straight-line method over the estimated useful lives of the assets, ranging from 3 to 15 years. Maintenance and repairs are charged to expense as incurred. Major renovations and improvements are capitalized. Depreciation totaled \$1,297 and \$1,553 for the years ended June 30, 2024 and 2023, respectively.

Grant receivable and revenue recognition: VACAP records revenue from all significant grants and contracts as costs are incurred to give recognition to the performance requirements of the various agreements. Grants receivables consist of amounts which have been incurred but not reimbursed by the respective grantor. VACAP receives a substantial portion of its operating capital funds from grants and awards.

At times, certain funding received is in advance of satisfying performance obligations as outlined in the applicable agreement. These funds are recorded as deferred revenue until the performance obligations are met.

Contributions and program support: Contributions, including unconditional pledges, are recognized as revenues in the period received. Conditional pledges are not recognized until the conditions on which they depend are substantially met. Other pledges are restricted by time constraints and revenue is recognized after the noted amount of time has passed. Gifts of securities are recorded at their fair market value when received.

Functional expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement contains certain categories of expense that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include professional fees, occupancy and office, as well as salaries and benefits, and are primarily allocated based on time and effort reports.

Valuation of investments, at fair value: Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

In determining fair value, VACAP uses various valuation approaches. A fair value hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of VACAP. Unobservable inputs reflect assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Virginia Community Action Partnership, Inc.

Notes to Financial Statements

Note 2—Summary of Significant Accounting Policies (continued)

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that VACAP has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Use of estimates: The presentation of financial statements requires management to make 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Paid leave time: All regular employees accrue leave time based on years of employment. In years of employment 0-5, employees accrue thirty days of leave time per year; in employment years 6-10 employees accrue thirty-five days of leave time per year; after 10 years employees accrue forty days of leave time per year. Employees can continue to accrue an additional week of leave time per five years of employment. Upon separation, employees will receive a pay-out of accrued but unused leave of no more than thirty days.

Reclassifications: Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of activities.

Note 3—Liquidity and Availability of Resources

The following represents VACAP's financial assets as of June 30, 2024 and 2023:

	2024	2023
Cash and cash equivalents	\$ 366,286	\$ 328,305
Accounts receivable	30,454	51,787
Investments	1,050,161	909,134
Total financial assets	<u>1,446,901</u>	<u>1,289,226</u>
Financial assets available to management for general expenditures within one year	<u>\$ 1,446,901</u>	<u>\$ 1,289,226</u>

VACAP manages its liquidity by completing annual operating budgets that provide sufficient funds for general expenditures in meeting liabilities and other obligations as they become due. VACAP's cash and cash equivalents are available within one year of the statement of financial position date to meet cash needs for general expenditures.

Virginia Community Action Partnership, Inc.

Notes to Financial Statements

Note 4—Lease Commitments

VACAP leases office space under a non-cancellable operating lease agreement. The lease expires in February 2027 and utilizes an interest rate of 7.75%. Rentals generally include insurance, taxes and maintenance costs. Rent expense related to this lease was \$26,800 and \$24,845 for the years ended June 30, 2024 and 2023, respectively.

ASC 842, *Leases*, requires VACAP to make certain assumptions and judgements in applying the guidance, including determining whether an arrangement includes a lease, determining the term of a lease when the contract has renewal or cancelation provisions, and determining the discount rate.

VACAP determines whether an arrangement is or includes a lease at contract inception by evaluating whether the contract conveys the right to the control the use of an identified asset for a period of time in exchange for consideration. If VACAP has the right to obtain substantially all of the economic benefits from, and can direct the use of, the identified asset for a period of time, VACAP accounts for the identified asset as a lease. VACAP has elected the practical expedient to not separate lease and non-lease components for all leases other than real estate leases. The primary non-lease component that is combined with a lease component is operating expenses such as utilities, maintenance or management fees.

As the rate implicit in the lease is not usually available, VACAP used an incremental borrowing rate (IBR) based on the information available at the adoption date of the new leases standard in determining the present value of lease payments for existing leases. VACAP elected to use a portfolio approach to IBR, applying the U.S. Treasury ten-year long-term rate to the leases. VACAP will use information available at the lease commencement date to determine the discount rate for any new leases.

As of June 30, 2024 and 2023, VACAP does not have any leases that have not yet commenced but that create significant rights and obligations.

Pursuant to the accounting policy election, leases with an initial term of twelve months or less are not recognized on the balance sheet.

Future minimum payments under noncancellable operating leases as of June 30, 2024 are as follows:

Year	
2025	\$ 30,002
2026	30,902
2027	21,009
	<hr/> 81,913
Less amount representing interest	8,219
Total lease obligations	<hr/> 73,694
Current portion	25,164
Long-term portion	<hr/> <u>\$ 48,530</u>

Virginia Community Action Partnership, Inc.

Notes to Financial Statements

Note 4—Lease Commitments (continued)

Pursuant to the accounting policy election, leases with an initial term of twelve months or less are not recognized on the balance sheet. Rent expense associated with these leases was \$5,691 and \$3,360 for the years ended June 30, 2024 and 2023, respectively.

Note 5—Fair Market Measurements

Fair Values of assets measured on a recurring basis is as follows as of June 30:

	2024	2023
Common stock	\$ 714,777	\$ 440,749
Equity funds	161,118	331,591
Government bond funds	152,723	79,156
Cash and money market funds	21,543	37,587
International equity funds	-	20,051
	<u>\$ 1,050,161</u>	<u>\$ 909,134</u>

VACAP's investments are recorded at fair value using readily available quoted market prices. All of VACAP's investments are categorized as Level 1. VACAP does not have any Level 2 or Level 3 investments.

Note 6—Investments

Investments are reported in the statement of financial position at their fair values based on quoted market prices at the measurement date. Unrealized holding gains and losses, realized gains and losses, dividends and interest are reported as investment return on the statement of activities. Cash and cash equivalents in the investment account are not considered cash equivalents and are included as investments.

Investment return for the years ended June 30, 2024 and 2023, consists of the following:

	2024	2023
Interest and dividends	\$ 31,634	\$ 20,769
Realized gains	93,289	3,404
Unrealized gain	27,919	76,076
Investment fees	(9,503)	(8,232)
	<u>\$ 143,339</u>	<u>\$ 92,017</u>

Virginia Community Action Partnership, Inc.

Notes to Financial Statements

Note 7—Federal Grants

VACAP received Federal grants for the years ended June 30, 2024 and 2023, in the amount of \$1,107,007 and \$358,407, respectively.

Note 8—Accrued Compensated Absences

As mentioned in Note 2, employees accrue paid time off. The accrued paid time off for the years ending June 30, 2024 and 2023, is as follows:

	Beginning	Earned	Used	Ending
2023	\$ 13,212	\$ 45,527	\$ (27,229)	\$ 31,510
2024	31,510	48,371	(37,207)	42,674

Note 9—Concentration of Credit Risk

Financial instruments that potentially subject VACAP to concentration of credit risk consist principally of cash. Checking and money market account balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. At times, accounts may exceed the FDIC limits.

Note 10—Retirement

VACAP has adopted an employee retirement plan under section 403(b) of the Internal Revenue Code. The plan provides for salary reduction contributions by eligible participants. VACAP's contribution to the plan for the years ended June 30, 2024 and 2023, was \$39,506 and \$14,827, respectively.

Note 11—Subsequent Events

In preparing these financial statements, VACAP has evaluated events and transactions for potential recognition or disclosure through November 26, 2024, the date the financial statements were available to be issued.

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
Virginia Community Action Partnership, 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 Virginia Community Action Partnership, Inc. (a nonprofit organization) (VACAP), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 26, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered VACAP'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 VACAP's internal control. Accordingly, we do not express an opinion on the effectiveness of VACAP'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether VACAP'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 VACAP's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering VACAP's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Meadow Urgulant Cree + Cook, LLP

Henrico, Virginia
November 26, 2024

**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
Virginia Community Action Partnership, Inc.

Report on Compliance for Each Major Federal Program***Opinion on Each Major Federal Program***

We have audited the Virginia Community Action Partnership, Inc. (a nonprofit organization) (VACAP), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of VACAP's major federal programs for the year ended June 30, 2024. VACAP's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, VACAP 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 June 30, 2024.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of VACAP and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of VACAP's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to VACAP's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on VACAP's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about VACAP's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding VACAP's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of VACAP's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 VACAP's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Meadow Urgulant Arce + Cook, LLP

Henrico, Virginia
November 26, 2024

Virginia Community Action Partnership, Inc.
Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
Department of Health and Human Services <i>Social Services Research and Demonstration</i>	93.647	None	522,747	\$ 662,251
Department of Health and Human Services <i>Temporary Assistance for Needy Families</i>	93.558	CVS-19-108	185,725	185,725
Department of Health and Human Services <i>Community Services Block Grant</i>	93.569	90ET0471-03-04 CVS-20-141 CVS-22-098	-	168,969
Appalachian Regional Commission <i>Connect Humanity</i>	23.002	CH2023-G035	30,000	77,978
National Telecommunication and Information Administration <i>Digital Opportunity Case Study Pilot Program</i>	11.032	None	-	10,000
Total Expenditures of Federal Awards				\$ 1,104,923

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

Virginia Community Action Partnership, Inc.

Notes to the Schedule of Expenditures of Federal Awards

Note A—Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Virginia Community Action Partnership, Inc. (VACAP) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of VACAP, it is not intended to and does not present the financial position, changes in net assets, or cash flows of VACAP.

Note B—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.

Note C—Indirect Cost Rate

VACAP has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Virginia Community Action Partnership, Inc.
Schedule of Findings, Questioned Costs, and Recommendations
For the Year Ended June 30, 2024

Section I - Summary of Auditors' Results

Financial Statement

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None noted
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None noted
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 2 CFR 200.516(a)?	No

Identification of Major Programs

Assistance Listing Number

Name of Federal Program or Cluster

93.647

Social Services Research and Demonstration

Dollar threshold used to distinguish between Type A and Type B Programs	\$	750,000
Auditee qualified as low-risk auditee?	No	

Section II - Financial Statement Findings

No matters to report.

Section III - Findings and Questioned Costs for Federal Awards

No matters to report.