

REPORT TO THE BOARD

August 30, 2022

The Board of Directors
Washington County Economic Opportunity
Council, Inc. d/b/a L.E.A.P.

Dear Board Members:

We have audited the financial statements of Washington County Economic Opportunity Council, Inc. d/b/a/ L.E.A.P. (L.E.A.P.) for the year ended March 31, 2022, and have issued our report thereon dated August 30, 2022. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, Government Auditing Standards and OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by L.E.A.P. are described in note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2022. We noted no transactions entered into by L.E.A.P. during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

For the year ended March 31, 2022, we evaluated the key factors and assumptions used by management in determining that accounting estimates were reasonable in relation to the financial statements taken as a whole.

Significant Disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures of the defined benefit pension plan in note 11 and the contingency in note 14.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing the audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this report, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to L.E.A.P.'s financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as L.E.A.P.'s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Recent Accounting Standards Issued

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, "Leases (Topic 842)." ASU 2016-02 modifies the current presentation of operating leases. Currently, operating leases are not recorded on the statements of financial position as obligations, rather there is a footnote disclosure that includes the expected future lease payments for operating leases. This update will now require organizations that lease assets to recognize assets and liabilities on their statements of financial position for operating leases with lease terms of more than 12 months. Operating leases will be required to recognize a right-of-use asset and a lease liability, measured at the present value of the lease payment, recognize a single lease cost, generally allocating the lease over a straight-line basis, and classify all cash payments within operating activities of cash flows. These changes will require expanded footnote disclosure to enhance the financial statement user's understanding of the amount, timing and uncertainty of cash flows arising from leases. The guidance is effective for fiscal years beginning after December 15, 2021.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplemental information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplemental information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

* * * * *

This information is intended solely for the use of the Board of Directors and management of Washington County Economic Opportunity Council, Inc. d/b/a L.E.A.P. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

EFPR Group, CPAs, PLLC

EFPR GROUP, CPAs, PLLC

WASHINGTON COUNTY ECONOMIC
OPPORTUNITY COUNCIL, INC. D/B/A L.E.A.P.

Financial Statements and
Independent Auditors' Report

March 31, 2022 and 2021

WASHINGTON COUNTY ECONOMIC OPPORTUNITY COUNCIL, INC. D/B/A L.E.A.P.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Washington County Economic Opportunity
Council, Inc. d/b/a L.E.A.P.:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Washington County Economic Opportunity Council, Inc. d/b/a L.E.A.P. (L.E.A.P.), which comprise the statements of financial position as of March 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washington County Economic Opportunity Council, Inc. d/b/a L.E.A.P. as of March 31, 2022 and 2021, 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.

Basis for Opinion

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

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 L.E.A.P.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 L.E.A.P.'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 L.E.A.P.'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 audits.

Supplemental 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 (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplemental 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 August 30, 2022, on our consideration of L.E.A.P.'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 L.E.A.P.'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 L.E.A.P.'s internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
August 30, 2022

WASHINGTON COUNTY ECONOMIC OPPORTUNITY COUNCIL, INC. D/B/A L.E.A.P.
 Statements of Financial Position
 March 31, 2022 and 2021

<u>Assets</u>	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and equivalents	\$ 473,035	333,167
Receivables (note 4)	363,460	359,563
Prepaid expenses	27,489	37,315
Investments, at fair value (note 5)	160,965	160,653
Inventory	3,258	2,360
Other assets	<u>37,950</u>	<u>44,147</u>
Total current assets	<u>1,066,157</u>	<u>937,205</u>
Property and equipment, at cost (note 6)	3,682,758	3,634,622
Less accumulated depreciation	<u>(2,511,744)</u>	<u>(2,449,837)</u>
Net property and equipment	<u>1,171,014</u>	<u>1,184,785</u>
Total assets	<u><u>\$ 2,237,171</u></u>	<u><u>2,121,990</u></u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	211,712	33,982
Accrued expenses	306,393	310,315
Deferred revenue (note 9)	25,954	125,135
Current portion of capital lease obligations (note 10)	<u>35,814</u>	<u>67,262</u>
Total current liabilities	579,873	536,694
Capital lease obligations, excluding current portion (note 10)	12,187	48,001
Defined benefit pension plan obligation (note 11)	<u>743,353</u>	<u>1,381,614</u>
Total liabilities	1,335,413	1,966,309
Net assets without donor restrictions	901,758	155,681
Contingency (note 14)	<u> </u>	<u> </u>
Total liabilities and net assets	<u><u>\$ 2,237,171</u></u>	<u><u>2,121,990</u></u>

See accompanying notes to financial statements.

WASHINGTON COUNTY ECONOMIC OPPORTUNITY COUNCIL, INC. D/B/A L.E.A.P.

Statements of Activities

Years ended March 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Support and revenue:		
Fees and service revenue from governmental agencies	\$ 6,253,499	5,796,180
In-kind support	543,632	568,463
Program revenue	9,648	5,271
Contributions	22,320	74,959
Investment income	312	1,705
Miscellaneous income	<u>276</u>	<u>144</u>
Total support and revenue	<u>6,829,687</u>	<u>6,446,722</u>
Expenses:		
Program services	5,867,001	5,761,865
Management and general	<u>862,870</u>	<u>544,327</u>
Total expenses	<u>6,729,871</u>	<u>6,306,192</u>
Change in net assets without donor restrictions from operations	<u>99,816</u>	<u>140,530</u>
Other income:		
Change in funded status of defined benefit pension plan	638,261	585,942
Gain on disposal of property and equipment	<u>8,000</u>	<u>-</u>
Total other income	<u>646,261</u>	<u>585,942</u>
Change in net assets without donor restrictions	746,077	726,472
Net assets (deficit) without donor restrictions at beginning of year	<u>155,681</u>	<u>(570,791)</u>
Net assets without donor restrictions at end of year	<u>\$ 901,758</u>	<u>155,681</u>

See accompanying notes to financial statements.

WASHINGTON COUNTY ECONOMIC OPPORTUNITY COUNCIL, INC. D/B/A L.E.A.P.
Statement of Functional Expenses
Year ended March 31, 2022
with comparative totals for 2021

	Program Services					Management	Total	
	Energy Services	Employment Services	Family Development	Home and Family Services	Total Program Services	and General	2022	2021
Personnel	\$ 2,269	187,928	2,729,749	259,238	3,179,184	279,843	3,459,027	3,322,117
Payroll taxes and fringe benefits	321	48,608	922,826	43,388	1,015,143	93,682	1,108,825	955,753
Client beneficiary payments	-	198,721	350	20,402	219,473	-	219,473	168,324
Supplies and equipment	2,383	5,840	310,040	16,694	334,957	7,209	342,166	375,289
In-kind expenses	-	30,939	74,806	35,042	140,787	402,845	543,632	568,463
Occupancy	2,345	7,597	342,342	3,040	355,324	8,801	364,125	307,744
Insurance	729	2,474	44,351	8,975	56,529	8,822	65,351	64,534
Transportation	90	-	54,305	11,289	65,684	-	65,684	74,024
Contracts and professional services	23	34,223	177,868	41,691	253,805	51,420	305,225	220,382
Training and travel	-	1,882	57,075	558	59,515	4,429	63,944	79,384
Depreciation and amortization	2,200	-	107,903	21,375	131,478	-	131,478	150,889
Other expense	-	1,724	48,105	5,293	55,122	5,819	60,941	19,289
Total expenses	<u>\$ 10,360</u>	<u>519,936</u>	<u>4,869,720</u>	<u>466,985</u>	<u>5,867,001</u>	<u>862,870</u>	<u>6,729,871</u>	<u>6,306,192</u>

See accompanying notes to financial statements.

WASHINGTON COUNTY ECONOMIC OPPORTUNITY COUNCIL, INC. D/B/A L.E.A.P.

Statement of Functional Expenses

Year ended March 31, 2021

	Program Services					Management	
	Energy	Employment	Family	Home and	Total	and	
	<u>Services</u>	<u>Services</u>	<u>Development</u>	<u>Family</u>	<u>Program</u>	<u>General</u>	<u>2021</u>
				<u>Services</u>	<u>Services</u>		
Personnel	\$ 3,185	152,540	2,733,617	146,871	3,036,213	285,904	3,322,117
Payroll taxes and fringe benefits	1,160	47,192	786,126	35,225	869,703	86,050	955,753
Client beneficiary payments	-	143,947	25	24,333	168,305	19	168,324
Supplies and equipment	1,609	11,215	302,764	39,080	354,668	20,621	375,289
In-kind expenses	-	23,183	442,462	33,750	499,395	69,068	568,463
Occupancy	2,381	4,374	282,557	2,764	292,076	15,668	307,744
Insurance	809	2,788	43,830	9,205	56,632	7,902	64,534
Transportation	138	-	58,004	15,867	74,009	15	74,024
Contracts and professional services	1,978	23,511	130,619	19,973	176,081	44,301	220,382
Training and travel	-	437	71,455	1,043	72,935	6,449	79,384
Depreciation and amortization	2,200	-	124,478	21,375	148,053	2,836	150,889
Other expense	20	1,021	7,758	4,996	13,795	5,494	19,289
Total expenses	<u>\$ 13,480</u>	<u>410,208</u>	<u>4,983,695</u>	<u>354,482</u>	<u>5,761,865</u>	<u>544,327</u>	<u>6,306,192</u>

See accompanying notes to financial statements.

WASHINGTON COUNTY ECONOMIC OPPORTUNITY COUNCIL, INC. D/B/A L.E.A.P.

Statements of Cash Flows

Years ended March 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets without donor restrictions	\$ 746,077	726,472
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:		
Depreciation and amortization	131,478	150,889
Gain on disposal of property and equipment	(8,000)	-
Change in funded status of defined benefit pension plan	(638,261)	(585,942)
Changes in:		
Receivables	(3,897)	(238,268)
Prepaid expenses	9,826	(31,793)
Inventory	(898)	-
Other assets	1,499	(2,309)
Accounts payable	177,730	(29,417)
Accrued expenses	776	24,438
Deferred revenue	<u>(99,181)</u>	<u>110,190</u>
Net cash provided by operating activities	<u>317,149</u>	<u>124,260</u>
Cash flows from investing activities:		
Net purchases of investments	(312)	(1,678)
Additions to property and equipment	(117,707)	(5,508)
Proceeds of sale of property and equipment	<u>8,000</u>	<u>-</u>
Net cash used in investing activities	<u>(110,019)</u>	<u>(7,186)</u>
Cash flows from financing activities - repayment of capital lease obligations	<u>(67,262)</u>	<u>(76,215)</u>
Net change in cash and equivalents	139,868	40,859
Cash and equivalents at beginning of year	<u>333,167</u>	<u>292,308</u>
Cash and equivalents at end of year	<u>\$ 473,035</u>	<u>333,167</u>
Supplemental schedule of non-cash operating activities - disposal of fully depreciated property and equipment	<u>\$ 69,571</u>	<u>46,894</u>

See accompanying notes to financial statements.

WASHINGTON COUNTY ECONOMIC OPPORTUNITY COUNCIL, INC. D/B/A L.E.A.P.

Notes to Financial Statements

March 31, 2022 and 2021

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

Washington County Economic Opportunity Council, Inc. d/b/a L.E.A.P. (L.E.A.P.) is a private, nonprofit, anti-poverty agency in Washington County, New York. L.E.A.P. has been in existence since 1965 and administers a variety of federally and locally sponsored programs, which are directed towards reducing or eliminating the primary causes of poverty throughout the County. In June 2018, Washington County Economic Opportunity Council, Inc. began operating under the name L.E.A.P.

The Head Start program was initiated in 1967 and has functioned continuously since that time. It operates a home-based program in addition to five centers, located in Hudson Falls, Granville, Whitehall and Cambridge, New York. Currently, the program services up to 341 children, of whom at least 10% are children with a disability. The Employment and Training programs cover the grant agreements between Saratoga County and Washington County. Pursuant to those agreements, the sub-recipient, Employment and Training of Washington County, has undertaken, within the eligible geographic area, programs funded under the Workforce Investment Act.

(b) Basis of Accounting

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

(c) Basis of Presentation

L.E.A.P. reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions represent resources available for the general support of L.E.A.P.'s activities; net assets with donor restrictions are those whose use has been limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled by actions of L.E.A.P. L.E.A.P. had only net assets without donor restrictions in 2022 and 2021.

(d) Estimates

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

(e) Cash and Equivalents

For purposes of the statements of cash flows, L.E.A.P. considers all highly liquid debt instruments purchased with a maturity of three months or less, including overnight repurchase agreements, to be cash equivalents.

WASHINGTON COUNTY ECONOMIC OPPORTUNITY COUNCIL, INC. D/B/A L.E.A.P.

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(f) Receivables

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

(g) Inventory

Inventories of weatherization supplies are stated at the lower of cost or market. Cost is determined by the moving-average method.

(h) Capitalization and Depreciation

Property and equipment are recorded at cost or fair market value at the date of the gift in the case of donated property and equipment. If donors stipulate how long the assets must be used, the contributions are recorded as support with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as support without donor restrictions. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property and equipment, the appropriate property and equipment accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statements of activities.

(i) Long-Lived Assets

L.E.A.P. reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. In determining whether there is an impairment of long-lived assets, L.E.A.P. compares the sum of the expected future net cash flows (undiscounted and without interest charges) to the carrying amount of the assets. At March 31, 2022 and 2021, no impairment loss has been recognized by L.E.A.P.

(j) Deferred Revenue and Revenue Recognition

L.E.A.P. recognizes grants and contributions as revenue when they are received or unconditionally pledged and records these revenues as unrestricted or restricted support according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

WASHINGTON COUNTY ECONOMIC OPPORTUNITY COUNCIL, INC. D/B/A L.E.A.P.

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(j) Deferred Revenue and Revenue Recognition, Continued

L.E.A.P. generally accounts for contracts revenue as exchange transactions in the statements of activities to the extent that expenses have been incurred for the purpose specified by the grantor during the period. In applying this concept, the legal and contractual requirements of each program are used as guidance. Unexpended contract funds are recorded as grants or contract payables at the end of the contract period. Funds received in advance of their use are accounted for as advance payments in the statements of financial position.

Under Accounting Standards Update (ASU) No. 2014-09 (Topic 606) – Revenue from Contracts with Customers, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which L.E.A.P.’s expects to be entitled in exchange for these goods or services. L.E.A.P. utilizes a five-step framework as identified in ASU No. 2014-09. The primary sources of revenue from contracts with customers for L.E.A.P. are as follows:

Universal Pre-K revenue consists of a single performance obligation, and revenue is recognized over the period of time using the straight line method on a monthly basis based on the number of attendees. Universal Pre-K is generally nonrefundable, billed monthly to the appropriate school district, and payment is typically due within 30 days of the invoice date.

Child and Adult Care Food Program revenue consists of a single performance obligation, and revenue is recognized over the period time using the straight-line method on a monthly basis based on the number of meals served. Child and Adult Care Food Program is generally nonrefundable, billed monthly to the New York State Department of Health, payment is typically due within 30 days of the invoice date.

Energy fee for service revenue consists of a single performance obligation, and revenue is recognized when the service is complete. Energy fee for service revenue is generally nonrefundable, billed once the service has been completed.

Factors that could impact the nature, amount, timing and uncertainty of revenue or cash flow of L.E.A.P. include, enrollment, staffing, and COVID-19. Revenues from contracts with customers received in advance are deferred and recognized once earned.

Billings, cash collections and timing of revenue recognition can result in contract assets and liabilities on the balance sheet. L.E.A.P. receives payments from customers, before revenue is recognized, resulting in deferred revenue. These deposits are liquidated when revenue is recognized.

WASHINGTON COUNTY ECONOMIC OPPORTUNITY COUNCIL, INC. D/B/A L.E.A.P.
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(k) In-Kind Materials, Food, Supplies and Personal Services

L.E.A.P. receives in-kind donations from outside parties. The in-kind donations include, but are not limited to, equipment, clothing, services and food. All in-kind donations are used to support and further L.E.A.P.'s objectives. The in-kind donations are reflected in the accompanying statements at their estimated fair market value at the date of receipt. In addition, many skilled and unskilled individuals have contributed significant amounts of time to the activities of L.E.A.P. without compensation. Contributed services are recognized as in-kind support and expenses by L.E.A.P. when certain provisions are met in accordance with accounting principles generally accepted in the United States of America. In-kind contributions of \$543,632 and \$568,463 for the years ended March 31, 2022 and 2021, respectively, have been recognized as in-kind support and expenses by L.E.A.P. In addition, L.E.A.P. received unskilled services that do not meet accounting recognition requirements. Management estimates these services had a value of \$51,269 and \$46,167 for the years ended March 31, 2022 and 2021, respectively.

(l) Promises to Give

Contributions are recognized when the donor makes an unconditional promise to give to L.E.A.P. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets are reclassified accordingly.

(m) Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on direct usage and applicability.

(n) Subsequent Events

L.E.A.P. has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(o) Income Taxes

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

WASHINGTON COUNTY ECONOMIC OPPORTUNITY COUNCIL, INC. D/B/A L.E.A.P.
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(p) Risks and Uncertainties

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

(2) Liquidity

L.E.A.P. has \$997,460 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of \$473,035 of cash and equivalents, \$363,460 of receivables and \$160,965 of investments. However, certain receivables may be subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the 2022 statement of financial position. L.E.A.P. also has available a line of credit which could be drawn upon if necessary as described in note 7.

Additionally, L.E.A.P. manages liquidity needed for operations primarily through budgeted monthly cash inflows and outflows. Cash inflows can easily be predicted since they are comprised mostly of approved program service awards. Cash outflows are planned accordingly so as not to exceed those expected inflows.

(3) Concentrations of Credit Risk

Financial instruments that potentially subject L.E.A.P. to concentrations of credit risk consist principally of cash and equivalent accounts in financial institutions. Although the accounts exceed the federally insured deposit amount, management does not anticipate nonperformance by the financial institution.

(4) Receivables

Receivables amounted to \$363,460 and \$359,563 as of March 31, 2022 and 2021, respectively. These amounts represent the balance L.E.A.P. was due from funding sources for expenditures incurred or services rendered in excess of payments received. The following details the receivables as of March 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
U.S. Department of Agriculture	\$ -	25,755
U.S. Department of Health and Human Services	295,595	256,236
Saratoga County	-	66,331
Washington County	51,119	-
Other	<u>16,746</u>	<u>11,241</u>
	\$ <u>363,460</u>	<u>359,563</u>

WASHINGTON COUNTY ECONOMIC OPPORTUNITY COUNCIL, INC. D/B/A L.E.A.P.

Notes to Financial Statements, Continued

(5) Investments

The cost and fair value of investments at March 31, 2022 and 2021 were as follows:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
Certificate of deposit - maturing April 5, 2021	\$ -	-	32,942	32,942
Certificate of deposit - maturing January 24, 2022	-	-	127,711	127,711
Certificate of deposit - maturing April 5, 2022	33,020	33,020	-	-
Certificate of deposit - maturing March 24, 2023	<u>127,945</u>	<u>127,945</u>	<u>-</u>	<u>-</u>
	<u>\$ 160,965</u>	<u>160,965</u>	<u>160,653</u>	<u>160,653</u>

Investments at March 31, 2022 and 2021 are stated at fair value. In accordance with the policy of carrying investments at fair value, the change in net unrealized appreciation is included in investment income in the accompanying statements of activities. A summary of investment income for the years ended March 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ <u>312</u>	<u>1,705</u>

Fair Value Measurements

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that L.E.A.P. has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data through correlation or other means.

WASHINGTON COUNTY ECONOMIC OPPORTUNITY COUNCIL, INC. D/B/A L.E.A.P.

Notes to Financial Statements, Continued

(5) Investments, Continued

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while L.E.A.P. believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investments held by L.E.A.P. are classified as Level 1 in the fair value hierarchy.

(6) Property and Equipment

Property and equipment at March 31, 2022 and 2021 are summarized as follows:

	<u>2022</u>	<u>2021</u>
Land and buildings	\$ 2,668,390	2,668,390
Leasehold improvements	97,276	81,764
Vehicles	621,160	613,236
Equipment	<u>295,932</u>	<u>271,232</u>
	3,682,758	3,634,622
Less accumulated depreciation	<u>(2,511,744)</u>	<u>(2,449,837)</u>
Net property and equipment	\$ <u>1,171,014</u>	<u>1,184,785</u>

The cost and accumulated amortization of vehicles under the terms of capital lease agreements at March 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Vehicles	\$ 429,723	429,723
Less accumulated amortization	<u>(382,671)</u>	<u>(324,737)</u>
	\$ <u>47,052</u>	<u>104,986</u>

Amortization expense related to assets under capital lease agreements amounted to \$57,934 and \$76,214 during the years ended March 31, 2022 and 2021, respectively.

WASHINGTON COUNTY ECONOMIC OPPORTUNITY COUNCIL, INC. D/B/A L.E.A.P.
Notes to Financial Statements, Continued

(7) Line of Credit

L.E.A.P. has a secured line of credit available with a bank, which provides that it may borrow up to \$30,000 at the bank's prime rate (3.5% at March 31, 2022). The line of credit is secured by a certificate of deposit. There was no outstanding balance on the line of credit as of March 31, 2022 and 2021.

(8) Compensated Absences

Included in accrued expenses is L.E.A.P.'s liability for future payments of accrued vested vacation wages, which amounted to \$89,790 and \$100,489 at March 31, 2022 and 2021, respectively. Under the terms of the existing personnel manual, L.E.A.P.'s employees receive annual vacation leave; the number of days awarded and allowed to be carried forward is dependent upon the employees' years of service. Upon an employee's termination, all accumulated vacation time will be forfeited; upon an employee's resignation, accumulated vacation will be paid under the terms of the existing personnel manual.

(9) Deferred Revenue

Deferred revenue amounted to \$25,954 and \$125,135 at March 31, 2022 and 2021, respectively. These amounts represent cash provided to L.E.A.P. in advance of the period to be benefited in order to provide working capital for the operation of the various programs of L.E.A.P.

(10) Capital Lease Obligations

Capital lease obligations at March 31, 2022 and 2021 are summarized as follows:

	<u>2022</u>	<u>2021</u>
L.E.A.P. leases vehicles under a fleet management contract. This capital lease agreement requires monthly payments of \$3,638, including lease charges of \$539, for a term of five years.	\$ -	28,231
L.E.A.P. leases vehicles under a fleet management contract. This capital lease agreement requires monthly payments of \$967, including lease charges of \$163, for a term of five years.	6,432	16,082
L.E.A.P. leases vehicles under a fleet management contract. This capital lease agreement requires monthly payments of \$2,376, including lease charges of \$440, for a term of five years.	26,701	49,930

WASHINGTON COUNTY ECONOMIC OPPORTUNITY COUNCIL, INC. D/B/A L.E.A.P.

Notes to Financial Statements, Continued

(10) Capital Lease Obligations, Continued

L.E.A.P. leases a vehicle under a fleet management contract.

This capital lease agreement requires monthly payments of \$628, including lease charges of \$116, for a term of five years.

	<u>14,868</u>	<u>21,020</u>
Capital lease obligations	48,001	115,263
Less current portion	<u>(35,814)</u>	<u>(67,262)</u>
Capital lease obligations, excluding current portion	\$ <u>12,187</u>	<u>48,001</u>

The aggregate future scheduled principal payments under the terms of these agreements are as follows:

2023	\$ 35,814
2024	9,624
2025	<u>2,563</u>
	\$ <u>48,001</u>

(11) Defined Benefit Pension Plan

L.E.A.P. has a non-contributory defined benefit pension plan (the Plan) covering substantially all Head Start employees. Benefits are based upon a retirement benefit formula and years of service. L.E.A.P.'s policy is to fund the recommended contributions as calculated by a consulting actuary in accordance with the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Measurement Dates

The measurement dates for the year end benefit obligation and assets for the Plan years ended were March 31, 2022 and 2021.

Plan Curtailment

On October 4, 2012, the Plan was amended to freeze the plan benefits effective January 1, 2013.

L.E.A.P. has recognized the funded status of the defined benefit pension plan, which is measured as the difference between the Plan's assets at fair value of \$3,731,079 and \$3,628,727, and the projected benefit obligation of \$4,474,432 and \$5,010,341 at March 31, 2022 and 2021, respectively; the difference is a non-current liability of \$743,353 and \$1,381,614, respectively, which is required to be recorded in the accompanying statements of financial position.

WASHINGTON COUNTY ECONOMIC OPPORTUNITY COUNCIL, INC. D/B/A L.E.A.P.

Notes to Financial Statements, Continued

(11) Defined Benefit Pension Plan, Continued

Obligation and Funded Status

The Plan's obligation and funded status are as follows:

	<u>2022</u>	<u>2021</u>
Fair value of Plan assets	\$ 3,731,079	3,628,727
Projected benefit obligation	<u>4,474,432</u>	<u>5,010,341</u>
Funded status at end of year	\$ <u>(743,353)</u>	<u>(1,381,614)</u>
Accumulated benefit obligation	\$ <u>4,474,432</u>	<u>5,010,341</u>
Employer contributions	\$ <u>258,000</u>	<u>117,600</u>
Benefits paid	\$ <u>239,646</u>	<u>585,991</u>
Liability recognized in the accompanying statements of financial position	\$ <u>(743,353)</u>	<u>(1,381,614)</u>

L.E.A.P. recorded expenses relative to the Plan amounting to \$258,000 and \$117,600 for the years ended March 31, 2022 and 2021, respectively.

Actuarial Assumptions

The weighted-average assumptions used were as follows:

	<u>2022</u>	<u>2021</u>
Discount rate for funded status determination	3.44%	2.67%
Expected long-term rate of return on Plan assets	N/A	N/A
Projected rate of increase in compensation levels	N/A	N/A

In 2022 and 2021, the actuarial assumptions regarding mortality rates were based on the Pri-2012 Total Dataset Amount-Weighted Mortality with Scale MP-2020 and the Pri-2012 Total Dataset Amount-Weighted Mortality with Scale MP-2019, respectively.

Plan Assets

The fair value hierarchy, as described in note 5, has three levels of classifications used to categorize investments. All investments in the Plan are Level 1. The weighted-average asset allocations by asset category for the Plan's investments were as follows:

	<u>2022</u>	<u>2021</u>
Cash equivalents	6.5%	2.4%
Fixed income	41.8%	43.5%
Stocks/real assets	<u>51.7%</u>	<u>54.1%</u>
	<u>100.0%</u>	<u>100.0%</u>

WASHINGTON COUNTY ECONOMIC OPPORTUNITY COUNCIL, INC. D/B/A L.E.A.P.

Notes to Financial Statements, Continued

(11) Defined Benefit Pension Plan, Continued

Plan Assets

The Plan's 2022 investment policy states the following:

- Approximately 50 - 65% of the assets shall be invested in stocks.
- Approximately 30 - 50% of the assets shall be invested in bonds (fixed income).
- Approximately 0 - 15% of the assets shall be invested in money market funds (cash equivalents).

Cash Flows

Due to the projected benefit obligation exceeding the Plan's assets at fair value, L.E.A.P. is expected to make a contribution to the Plan during 2022.

The Plan's estimated future benefit payments as of March 31, 2022 are as follows:

2023	\$ 396,502
2024	224,131
2025	380,076
2026	425,444
2027	250,839
2028 - 2031	<u>1,855,343</u>
	<u>\$ 3,532,335</u>

(12) Defined Contribution Retirement Plan

L.E.A.P. provides a 401(k) plan to all eligible employees as defined in the plan document. Effective April 1, 2014, L.E.A.P. may also make a discretionary profit sharing contribution, allocated among participants eligible to share in the contribution for the plan year based on their classification. L.E.A.P. recorded expenses relative to the plan amounting to \$18,686 and \$19,982 for the years ended March 31, 2022 and 2021, respectively.

(13) Related Party Transactions

L.E.A.P. leases office and classroom space that is provided as in-kind support from Washington County. Several individuals that serve on L.E.A.P.'s Board of Directors are either employees or elected officials of Washington County. A review and written decision by L.E.A.P.'s largest donor determined that this does not represent a conflict of interest or less than arm's length transaction.

(14) Contingency

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

WASHINGTON COUNTY ECONOMIC OPPORTUNITY COUNCIL, INC. D/B/A L.E.A.P.
Schedule of Expenditures of Federal Awards
Year ended March 31, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Grantors' Number/Program</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. Department of Agriculture - passed through the New York State Department of Health - Child and Adult Care Food Program	10.558	2157	\$ 136,227	-
U.S. Department of Labor - passed through Saratoga County - WIOA Cluster:				
WIOA Adult Program	17.258	PY20, PY21	104,948	-
WIOA Youth Activities	17.259	PY20, PY21	139,109	-
WIOA Dislocated Workers	17.260	PY20, PY21	81,160	-
WIOA Admin	17.258, 17.259, 17.260	PY20, PY21	20,420	-
Total U.S. Department of Labor			345,637	-
U.S. Department of Health and Human Services:				
Passed through Washington County - Temporary Assistance to Needy Families - Summer Youth Employment Program	93.558	N/A	123,229	-
Community Services Block Grant	93.569	C1001494	277,387	-
Community Services Block Grant - CARES Act	93.569	T1001826-CARES	137,973	-
Total Community Services Block Grant			415,360	-
Head Start	93.600	02CH011434	4,624,956	-
Head Start - CARES Act	93.600	02CH011434-CARES	353,014	-
Total Head Start			4,977,970	-
Total U.S. Department of Health and Human Services			5,516,559	-
Total Federal Awards			\$ 5,998,423	-

See accompanying notes to schedule of expenditures of federal awards.

WASHINGTON COUNTY ECONOMIC OPPORTUNITY COUNCIL, INC. D/B/A L.E.A.P.

Notes to Schedule of Expenditures of Federal Awards

March 31, 2022

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activities of all federal award programs administered by Washington County Economic Opportunity Council, Inc. d/b/a L.E.A.P. (L.E.A.P.). Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies or nonprofit organizations, are included in the schedule of expenditures of federal awards.

(2) Basis of Accounting

The information is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The amounts reported may differ from certain financial reports submitted to federal funding agencies due to those reports being submitted on either the cash or modified accrual basis of accounting.

(3) Indirect Costs

L.E.A.P. does not use the 10% de minimis rule.

(4) Relationship to Financial Statements

Federal award expenditures are reported on the statements of functional expenses under program services and, for any related allowable general and administrative expenses, under management and general. For certain programs, the expenses reported in the financial statements may differ from the expenditures reported in the schedule of expenditures of federal awards due to program expenditures exceeding grant or contract budget limitations, matching or in-kind contributions or capitalization policies required under accounting principles generally accepted in the United States of America.

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

The Board of Directors
Washington County Economic Opportunity
Council, Inc. d/b/a L.E.A.P.:

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 Washington County Economic Opportunity Council, Inc. d/b/a L.E.A.P. (L.E.A.P.), which comprise the statement of financial position as of March 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated August 30, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered L.E.A.P.'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 L.E.A.P.'s internal control. Accordingly, we do not express an opinion on the effectiveness of L.E.A.P.'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 L.E.A.P.'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 L.E.A.P.'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 L.E.A.P.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering L.E.A.P.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
August 30, 2022

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

The Board of Directors
Washington County Economic Opportunity
Council, Inc. d/b/a L.E.A.P.:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Washington County Economic Opportunity Council, Inc. d/b/a L.E.A.P. (L.E.A.P.) 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 L.E.A.P.'s major federal programs for the year ended March 31, 2022. L.E.A.P.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Washington County Economic Opportunity Council, Inc. d/b/a L.E.A.P. 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 March 31, 2022.

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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of L.E.A.P. 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 L.E.A.P.'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 L.E.A.P.'s federal programs.

Auditors' 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 L.E.A.P.'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 L.E.A.P.'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 L.E.A.P.'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 L.E.A.P.'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 L.E.A.P.'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 Auditors' 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.

EFPR Group, CPAs, PLLC

Williamsville, New York
August 30, 2022

WASHINGTON COUNTY ECONOMIC OPPORTUNITY COUNCIL, INC. D/B/A L.E.A.P.

Schedule of Findings and Questioned Costs

Year ended March 31, 2022

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

_____ Yes x No
_____ Yes x None reported

Noncompliance material to financial statements noted?

_____ Yes x No

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

_____ Yes x No
_____ Yes x None reported

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

Unmodified

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) (Uniform Guidance)?
- L.E.A.P.'s major program audited were:

_____ Yes x No

Name of Federal Program

Assistance Listing

Number

Head Start

93.600

Community Services Block Grant

93.569

- Dollar threshold used to distinguish between Type A and Type B programs.
- Auditee qualified as low-risk auditee?

\$750,000

 x Yes _____ No

Part II - FINANCIAL STATEMENT FINDINGS SECTION

No reportable findings.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No reportable findings or questioned costs.

WASHINGTON COUNTY ECONOMIC OPPORTUNITY COUNCIL, INC. D/B/A L.E.A.P.
Status of Prior Year Audit Findings
March 31, 2022

There were no findings with regard to the prior year (March 31, 2021) financial statements.