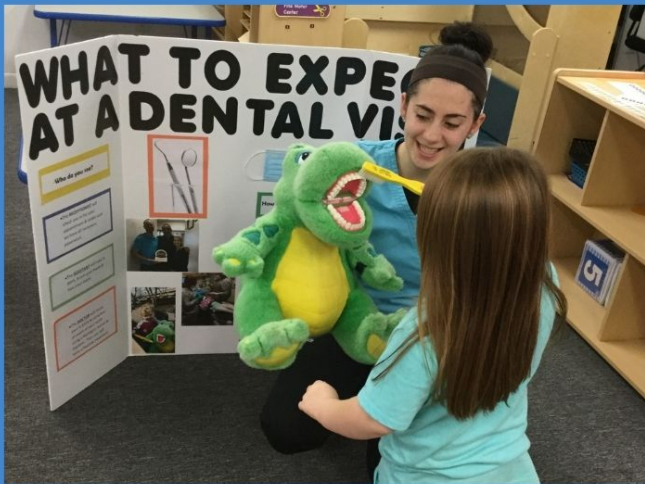

SKYLINE CAP HEAD START

20 **ANNUAL** 21 **REPORT**



Skyline CAP, Inc.
532 S. Main Street
Madison, VA 22727

(540) 948-3916
skylinecap.org



Table of Contents

From the Director	1
About Head Start	2
About Skyline CAP Head Start.....	2
Eligibility & Enrollment	2
Curriculum and Assessments	3
Family Advocacy.....	5
Health Services.....	7
Parent Engagement	8
In-Kind Revenues	9
Budget.....	10
Financial Audit.....	11

From the Director

When this school year started, life looked much the same as it did when the previous year ended because we were still experiencing the disruptions and uncertainty caused by the COVID-19 pandemic. Who would have thought that as we entered our 30th year as a program we would feel almost as if we were starting over? Nearly everything we knew about starting a new school year had suddenly changed: we were required to operate at half capacity; classrooms had to be setup differently to allow for social distancing; our policy for visitors, including parents, had to be modified; a remote option was developed for children who didn't come to the classroom; and our cleaning protocols, which were already strong, became much more robust. These are but a few of the changes we made to ensure the health and well-being of our students.

It wasn't easy; I won't sugar coat the challenging position we were in as we prepared for the start of the new school year. I am, however, quite pleased to say that Skyline's Head Start team demonstrated significant skill, creativity and agility in finding solutions that allowed us to safely keep our doors open and continue to provide the educational, health and nutritional needs that are vital to the development of the children and families we serve. Our primary objective was perhaps the one thing that didn't change: our promise of providing at-risk children with the best start possible – a *head start*.

The annual report before you offers a snapshot of the quality services we provide and the resulting outcomes. We are delighted at the progress experienced by the children who attend our program, and especially so given the challenges we all faced. Should you have questions about the information in this report, or if you would like to learn more about Skyline CAP and its programs, I would be happy to discuss them with you.

Kindest regards,

Simon C. Fiscus
Director, Skyline CAP Head Start

About Head Start

With the child poverty rate on the rise and intensified by the COVID-19 pandemic, more children than ever are at risk of achieving less than desirable outcomes. At the time of birth, a child's brain is 25 percent developed; by the time the child enters kindergarten, brain development has reached 90 percent. Head Start programs provide the early intervention crucial for positive development during the early stages from birth to age five.

About Skyline CAP Head Start

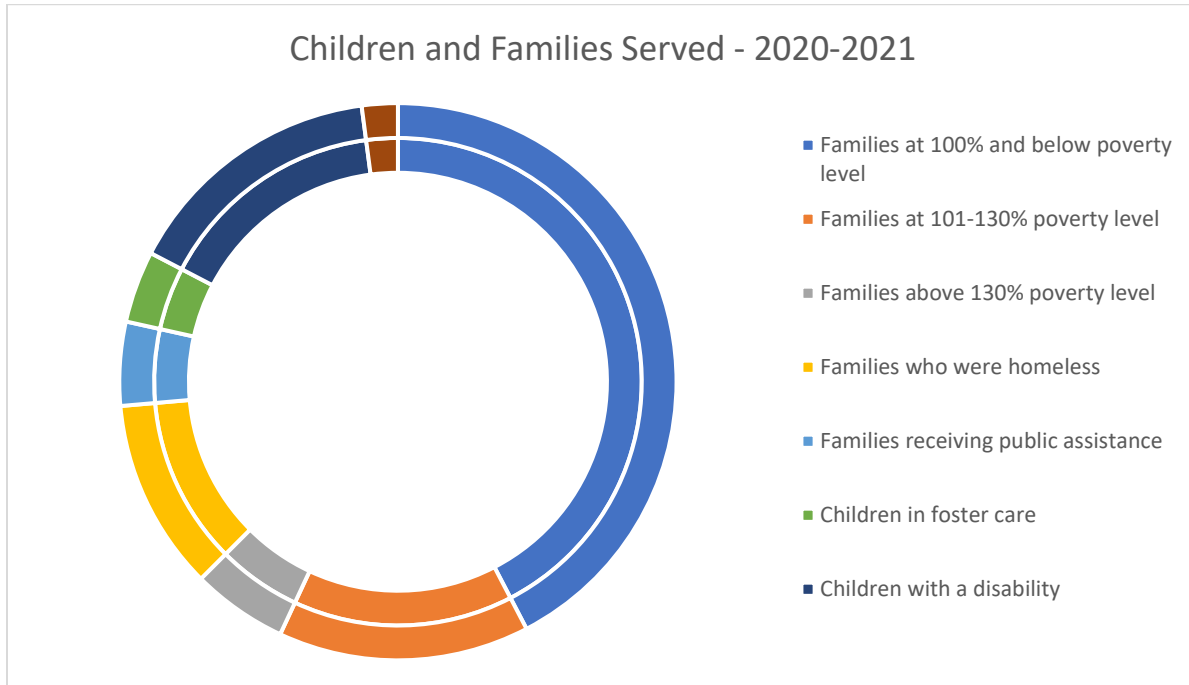
Skyline CAP Head Start is a federally funded preschool program for at-risk children and families living in Greene, Madison, Page, Shenandoah and Warren counties. We operate 10 classrooms overall, two in each county, and our administrative office is located in Madison, Va. Our program promotes school readiness through a learning environment that supports cognitive, social, emotional and physical development while also building relationships with the family to support overall well-being. We are committed to providing our most vulnerable children with the head start they need to ultimately break through the barriers of generational poverty.

Eligibility & Enrollment

Skyline CAP's Head Start program uses the following eligibility guidelines:

- The child must be 3 years old by September 30;
- Families must meet the income poverty guidelines set by the U.S. Department of Health and Human Services; or
- the family is qualified to or receives public assistance (SSI/TANF); or
- the family meets the federal definition of homeless; or,
- the child is in foster care;
- the child has a diagnosed disability;
- Families must live in the community where they apply.

During the 2020-2021 school year, Skyline CAP Head Start classrooms operated at half capacity due to the COVID-19 pandemic. In spite of the challenges presented, our program continued to provide our most vulnerable citizens with the skills they need to be successful in school and to thrive as a family.



Curriculum and Assessments

Skyline CAP uses a research-based curriculum called *Frog Street* that allows for developmental work in a variety of areas. An enhanced version of the curriculum was purchased mid-year that took what we were already doing one step further.

Children are assessed three times each year: fall, winter and spring. Beginning this year, children were assessed separately by age group. Testing includes:

Emerging Literacy Reading

- Syllables and Sounds assess how well children can combine heard syllables into words (Example: moun tain-mountain).
- Alliteration assesses how well children can distinguish between beginning sounds in words.
- Comprehension and Text Structure assesses how well children understand stories they are read as well as their ability to retell the story in a coherent fashion.
- Letter Sounds is administered at the mid-year and end of year assessments only.

Math

- Cardinality assesses how well a child can count a set of objects and identify that the last number counted is the number of that set.

Spring 2021 Education Outcomes 3-Year-Old Participants (29 Children Assessed)				
Education Domains	ASSESSMENT COMPONENTS			
Literacy & Language	Emergent Literacy Reading			
	Lower Case Letters	20 (+15)	Upper Case Letters	30 (+24)
	Syllables and Sounds	66 (+54)	Rhyming	16 (+12)
	Vocabulary	81 (+2)	Alliteration	10 (+7)
	Comprehension Text Structure	35 (+25)	Letter Sounds	40 (+7)
	Emerging Literacy			
	Writing	67 (+30)	Name Writing	61 (+37)
Perceptual Motor and Physical Development	Physical Development			
	Fine Motor Skills	73 (+26)	Gross Motor Skills	88 (+13)
Cognition and Math Development	Math			
	Numeral Recognition	32 (+18)	Positional Words	74 (+21)
	Patterns	37 (+13)	Shapes	61 (+34)
	Sorting	57 (+38)	Rote Counting	30 (+19)
	1-1 Counting	72 (+25)	Cardinality	21 (+1)
Approaches to Learning	Language and Communication		Fine Arts	
	Follows Directions	64 (-29)	Creative Arts	65 (+23)
Social Emotional	Social Emotional			
	Social Emotional	54 (+3)	Approaches to Learning	74 (+16)

+/- indicates change from Fall Outcomes

Spring 2021 Education Outcomes 4-Year-Old Participants (37 Children Assessed)				
Education Domains	ASSESSMENT COMPONENTS			
Literacy & Language	Emergent Literacy Reading			
	Lower Case Letters	51 (+29)	Upper Case Letters	59 (+36)
	Syllables and Sounds	86 (+50)	Rhyming	52 (+31)
	Vocabulary	93 (+11)	Alliteration	38 (+16)
	Comprehension Text Structure	46 (+26)	Letter Sounds	63 (-1)
	Emerging Literacy			
	Writing	77 (+25)	Name Writing	86 (+24)
Perceptual Motor and Physical Development	Physical Development			
	Fine Motor Skills	82 (+7)	Gross Motor Skills	91 (+6)
Cognition and Math Development	Math			
	Numeral Recognition	63 (+20)	Positional Words	87 (+9)
	Patterns	70 (+14)	Shapes	73 (+8)
	Sorting	72 (+25)	Rote Counting	44 (+14)
	1-1 Counting	83 (+17)	Cardinality	63 (+2)
Approaches to Learning	Language and Communication		Fine Arts	
	Follows Directions	85 (-13)	Creative Arts	85 (+24)
Social Emotional	Social Emotional			
	Social Emotional	81 (+62)	Approaches to Learning	94 (+10)

+/- indicates change from Fall Outcomes

Family Advocacy

Skyline CAP Head Start uses a family outcomes measurement tool based on research by Harvard University and on behalf of the Head Start National Center for Families. The assessment starts with a very basic eight question format for each family that is facilitated by their assigned Family Advocate. The responses from each family are plotted onto an outcome framework that depicts a need level of 1 through 5, with 5 being the highest level of need. Family Advocates then complete a family goals worksheet with the family with follow-up conducted on a monthly basis. The outcome framework is then assessed in the winter and spring to assess progress and any new needs or accomplishments.

The subjects chosen to assess are those that Harvard University found necessary to improve when lifting one from poverty. Most of the overall topics are self-explanatory, while others require further explanation. School Interactions (III) is the assessment of a family's positive attitude and interaction with schools, setting educational goals, partnering with teachers, seeking educational resources and opportunities, which promotes lifelong learning. Transitions (V) is the assessment of how the family communicates with all program staff, understanding parent and school responsibilities for transition, attending teacher conferences, and transition activities. Community (VI) analyzes how the family participates and engages in program and community activities, seeks and establishes peer relationships, utilizes and shares community

resources with peers and program. Finally, Advocates (VII) gauge how the family participates, engages, or recruits in program or outside leadership and volunteer opportunities.

The Family Advocates have each family complete a needs assessment at the initial home visit which is used to set family goals. The data from each individual family is discussed at monthly “Center Team Meetings” (CTMs) in correlation with school readiness progress to assess how to help the overall family with school readiness and overall family progress. Monthly “Parents of Preschooler” (POPS) meetings are used to help support overall growth and communication based on topics derived by the outcome need. Individual growth is communicated to the families three times a year to monitor progress on individual goals as well as overall growth per the family assessment tool.

Program data related to family progress that supports individual family goals and or objectives are reflected in the table below. The data collected from the families has a direct relationship to the child’s home environment which then relates to the child’s school readiness.

2020-2021 Family Outcomes (99 Families Assessed)		
5 – Needs Immediate Support 4 – Vulnerable 3 – Stable 2 – Growing & Developing 1 – Area of Strength		
Assessment Component	Description	Score
Family Well Being	A. Safety & Stability	0.5 ▼
	B. Personal Safety	0.5 ▼
	C. Health	0.5 ▼
	D. Financial Security	0.6 ▼
	E. Childcare	0.1 ▼
Positive Parent Child Relationships	Relationships that nurture child’s learning and development	1 ▼
Family as Lifelong Educators	Parents observe, promote, participate in child’s learning at home and school	1.2 ▼
Families as Learners	Parents advance their own interests through education and training	0.7 ▼
Family Engagement in Transitions	Parents support and advocate child’s learning and development in transition	1.4 ▼
Family Connections to Peers and Community	Parent forms connections to support, educate and enhance social well being	1 ▼
Families as Advocates and Leaders	Parent participates in leadership and decision-making to improve child learning	0.9 ▼
TOTAL		8.4 ▼

Health Services

Skyline CAP Head Start is committed to providing comprehensive health services to all our preschool children to facilitate whole child health. The objective is to support healthy physical development by encouraging and fostering practices that prevent illness or injury, and by promoting positive health behaviors that enhance life-long well-being.

Accidents and Incidents

Skyline CAP tracks accidents and incidents annually to inform parents and to help prevent trends. Last year totals: 91 accidents and 22 incidents.

Child Suspected Reports of Abuse

Every staff member is a mandated reporter of child abuse by law in Virginia. Last year the program reported two suspected cases of child abuse.

Nutrition

In collaboration with the five-service area public schools, 7,530 breakfasts and 9,651 lunches were served. All meals met USDA qualifications and were provided free of charge.

Health Screenings and Exams

Each child receives comprehensive health screenings and exams that are monitored by the Health Manager. These screenings and exams include: body mass index screenings, dental exam (with 6-month dental check-up), hearing, mental health screening, mental health licensed professional consultations, annual physical with labs (hematocrit/hemoglobin and lead), therapeutic day treatment screenings (in classroom/at home counseling) and vision.

2020-2021 Health Screenings	
Health Screening	Number of Children Screened
Immunizations (before child starts)	119
Physicals (completed within 30 days)	118
Hemoglobin/Hematocrit	115
Lead	115
Blood Pressure	113
Mental Health (within 45 days)	106
Vision (within 45 days)	112
Hearing (within 45 days)	111
Developmental (within 45 days)	103
Dental Exams	102

Parent Engagement

Head Start believes that parents are a child’s most valuable teacher as well as a program’s greatest asset within their child's education.

Home Visits

The Skyline CAP Head Start program over the past 30 years has visited every family’s home or in rare cases met at a neutral site. We believe meeting them within the comfort of their own home is an essential part of starting a relationship with our families.

Parent Engagement

Parents of Preschoolers, or “POPS,” events cover subjects of need depicted by the parents and encompass an educational children's activity facilitated by the child’s teacher. The idea behind these meetings is to develop a positive relationship between child, parent, staff, and program while covering an educational topic each month.

Parent Teacher Conferences

The program conducts a minimum of two parent/teacher conferences per year for each student. Parent teacher conferences are conducted to discuss the child’s developmental progress one-on-one with their parent/guardian.

Program Governance

Parents nominate two parent representatives and one community representative from each county to make up a Policy Council (made up of at least 51% current Head Start parents and up to 49% community partners) who jointly govern the program along with our overall agency’s Board of Directors. We believe this truly gives part ownership to the parents whose children are being educated.

Reading at Home

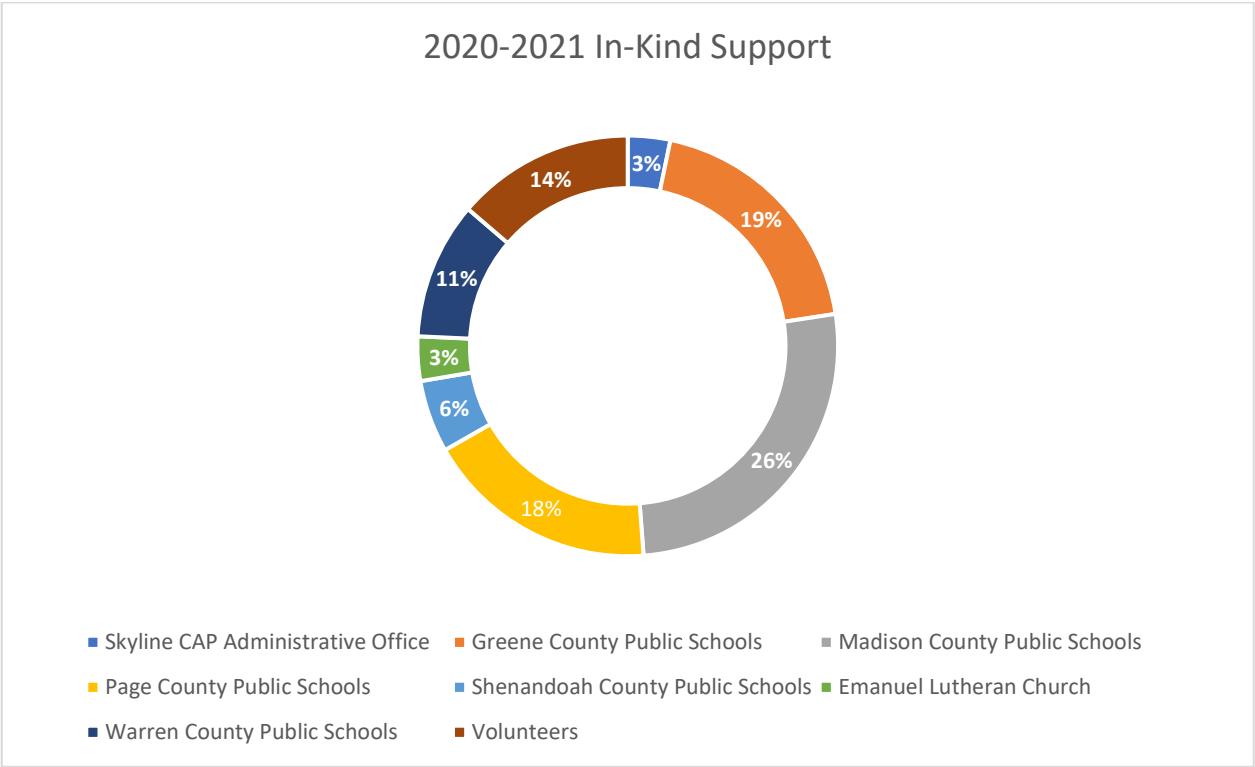
Early reading skills are vital to a child’s education. Each month during the school year, families turn in reading logs to document the number of books read. During 2020-2021, families documented 3,144 books read.

Volunteer Opportunities

Last year alone, the program boasted 3,125.25 volunteer hours from 138 unduplicated volunteers within the program, with 125 of those being either current or prior Head Start parents.

In-Kind Revenues

Federal appropriations account for approximately 80 percent of Skyline CAP’s Head Start budget, with the remaining 20 percent contributed through in-kind donations and other funding sources. Administrative support, classroom supplies, janitorial services, meal services, mental health services, property for modular buildings, office supplies, transportation services, and a variety of volunteerism opportunities represent a major portion of what is consistently contributed to Head Start.



Budget

PY30 3/1/2020 - 2/28/2021 (includes \$157,307 in COVID one-time funds)

Salary	\$1,027,298	Child Food	\$ 6,118
Salary - Substitutes	\$ 28,960	Office Supplies	\$ 7,540
Social Security	\$ 67,180	Furniture & Equipment	\$ 23,469
Medicare Expense	\$ 15,324	Computer Maint./Support	\$ 18,330
Unemployment Taxes - State	\$ 17,377	Postage	\$ 1,150
Workers Comp Insurance	\$ 11,172	Kitchen Supplies	\$ 20
Life and Disability Insurance	\$ 7,406	Cleaning Supplies	\$ 4,660
Health and Dental Insurance	\$ 121,706	Teacher Supplies	\$ 1,500
Pension Contribution	\$ 15,331	Classroom Supplies	\$ 8,700
Rent	\$ 40,040	Medical/Dental Supplies	\$ 940
Utilities	\$ 12,120	Disabilities Supplies	\$ 100
Telephone	\$ 16,760	Mental Health Care	\$ 2,070
General Liability Insurance	\$ 10,640	Parent Activities	\$ 800
Directors/Officers Insurance	\$ 1,590	Audit	\$ 5,340
Child Accident Insurance	\$ 740	Other Professional Svcs.	\$ 101,770
Maintenance & Repair	\$ 9,450	Training/TA	\$ 22,123
Maint./Modular Repairs	\$ 22,190	Publications/Subscriptions	\$ 60
Cleaning	\$ 12,740	Advertising	\$ 30
Other Occupancy	\$ 1,090	Board Expense	\$ 150
Property/Real Estate Taxes	\$ 1,100	Fees	\$ 1,909
Copying / Duplicating	\$ 670	Dues & Membership	\$ 580
Local Travel	\$ 18,070	Employee Health & Welfare	\$ 1,200
Adult Food	\$ 5,530	Total Expenditures	<u>\$ 1,673,043</u>

Financial Audit

SKYLINE COMMUNITY ACTION PARTNERSHIP, INC.

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2020

SKYLINE COMMUNITY ACTION PARTNERSHIP, INC.

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2020

Table of Contents

	<u>Page</u>
Independent Auditors' Report.....	1-2
Financial Statements:	
Statement of Financial Position.....	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements.....	7-10
Compliance:	
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	11-12
Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by Uniform Guidance	13-14
Schedule of Expenditures of Federal Awards.....	15
Notes to Schedule of Expenditures of Federal Awards.....	16
Schedule of Findings and Questioned Costs	17



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountant

Independent Auditors' Report

**To the Board Members
Skyline Community Action Partnership, Inc.
Madison, Virginia**

Report on the Financial Statements

We have audited the accompanying financial statements of Skyline Community Action Partnership, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Skyline Community Action Partnership, Inc. as of June 30, 2020, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2021, on our consideration of Skyline 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 Skyline 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 Skyline Community Action Partnership, Inc.'s internal control over financial reporting and compliance.

Robinson, Farnell, Cox Associates

Charlottesville, Virginia
March 12, 2021

- Financial Statements -

Statement of Financial Position
At June 30, 2020

<u>ASSETS</u>	
Current Assets:	
Cash and cash equivalents	\$ 933,970
Grants receivable	127,430
Prepaid expenses	50,169
Total current assets	\$ 1,111,569
Other Assets:	
Property held for resale	\$ 41,271
Property and Equipment:	
Land	\$ 304,981
Office equipment	126,220
Modular buildings	237,772
Other buildings	627,933
Classroom improvements	40,809
Playground equipment	103,771
Health equipment	30,820
Subtotal	\$ 1,472,306
Accumulated depreciation	(685,807)
Net property and equipment	\$ 786,499
Total other assets	\$ 827,770
Total assets	\$ 1,939,339
<u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities:	
Accounts payable	\$ 13,324
Accrued expenses	60,710
Deferred revenue	45,813
Total current liabilities	\$ 119,847
Long-term Liabilities:	
Compensated absences	\$ 53,235
Total long-term liabilities	\$ 53,235
Total liabilities	\$ 173,082
Net Assets:	
Net assets without donor restrictions	\$ 1,328,828
Net assets with donor restrictions	437,429
Total net assets	\$ 1,766,257
Total liabilities and net assets	\$ 1,939,339

The accompanying notes to financial statements are an integral part of this statement.

Statement of Activities
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Grants from government agencies:			
Federal Head Start funds	\$ -	\$ 1,419,428	\$ 1,419,428
Emergency Home Repair	-	27,160	27,160
Federal CSBG funds	-	129,356	129,356
Federal Housing Counseling	-	99,187	99,187
COVID-19 Section 8 funds	-	640	640
USDA	-	91,026	91,026
H.O.M.E.	-	2,695	2,695
Project Discovery	-	22,000	22,000
Greene County	-	42,367	42,367
Madison County	-	47,585	47,585
Page County	-	23,000	23,000
Orange County	-	3,000	3,000
Fauquier County	-	18,000	18,000
TANF	-	93,750	93,750
Interest	1,943	-	1,943
Program income	-	215,451	215,451
Section 8 fees	145,134	-	145,134
Rental income	-	108,916	108,916
Other income	4,438	3,000	7,438
Total	\$ 151,515	\$ 2,346,561	\$ 2,498,076
Net assets released from restrictions:			
Restrictions satisfied by payments	\$ 2,305,855	\$ (2,305,855)	\$ -
Total revenues, gains, and other support	\$ 2,457,370	\$ 40,706	\$ 2,498,076
Expenses:			
Program Services:			
Assistance for low-income residents	\$ 2,116,685	\$ -	\$ 2,116,685
Supporting Services:			
Management and general	320,096	-	320,096
Total expenses	\$ 2,436,781	\$ -	\$ 2,436,781
Changes in net assets	\$ 20,589	\$ 40,706	\$ 61,295
Net assets, beginning of year	1,308,239	396,723	1,704,962
Net assets, end of year	<u>\$ 1,328,828</u>	<u>\$ 437,429</u>	<u>\$ 1,766,257</u>

The accompanying notes to financial statements are an integral part of this statement.

Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services		Supporting Services	
	Assistance for Low-Income Residents	Management and General	Total	
Salaries	\$ 1,287,815	\$ 172,603	\$ 1,460,418	
Payroll taxes	120,106	14,383	134,489	
Retirement contribution	27,966	5,183	33,149	
Other employee benefits	178,072	33,427	211,499	
Total salaries and related expenses	\$ 1,613,959	\$ 225,596	\$ 1,839,555	
Professional fees	250	9,100	9,350	
Client services	2,774	-	2,774	
Insurance	688	20,366	21,054	
Supplies	150,077	4,324	154,401	
Communication	24,613	5,916	30,529	
Postage and shipping	1,846	939	2,785	
Equipment rental and maintenance	10,138	28,177	38,315	
Dues and publications	14,510	6,900	21,410	
Travel	29,744	492	30,236	
Conferences and training	27,053	-	27,053	
Occupancy	148,390	16,468	164,858	
Emergency assistance	42,897	-	42,897	
Other	10,743	1,818	12,561	
Total expenses before depreciation	\$ 2,077,682	\$ 320,096	\$ 2,397,778	
Depreciation	39,003	-	39,003	
Total expenses	\$ 2,116,685	\$ 320,096	\$ 2,436,781	

The accompanying notes to financial statements are an integral part of this statement.

Statement of Cash Flows
Year Ended June 30, 2020

Cash flows from operating activities:

Change in net assets	\$	61,295
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Adjustments to reconcile change in net assets to net cash provided by
(used for) operating activities:

Depreciation		39,003
(Increase) decrease in grants receivable		46,304
(Increase) decrease in prepaid expenses		(32,785)
Increase (decrease) in accounts payable		6,270
Increase (decrease) in accrued expenses		10,412
Increase (decrease) in deferred revenue		45,813
Increase (decrease) in compensated absences		6,051

Net cash provided by (used for) operating activities	\$	<u>182,363</u>
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Cash flows from investing activities:

Purchase of property and equipment	\$	<u>(35,475)</u>
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Net cash provided by (used for) investing activities	\$	<u>(35,475)</u>
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Increase (decrease) in cash and cash equivalents	\$	146,888
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Cash and cash equivalents, beginning of year		<u>787,082</u>
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Cash and cash equivalents, end of year	\$	<u><u>933,970</u></u>
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Supplemental Disclosure:

Interest paid	\$	<u><u>78</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Description and Purpose of Agency

Skyline Community Action Partnership, Inc. (“the Organization”) is the designated community action agency for the counties of Greene, Madison, and Orange, providing a range of programs and services, including Head Start, designed to ameliorate poverty and increase self-sufficiency of low income residents. In addition, the Organization operates a Head Start program in the counties of Rappahannock, Page, Warren and Shenandoah. The Organization has been determined to be a voluntary health and welfare organization and is therefore covered by the AICPA Industry Audit Guide, *Audits of Voluntary Health and Welfare Organizations*.

B. Financial Statement Presentations / Basis of Accounting

The Organization is funded by federal, state, and local funds. Its accounting policies are governed by applicable provisions of these grants and applicable pronouncements and publications of the grantors. The Organization utilizes the accrual basis of accounting where expenses are recognized in the accounting period in which the related liability is incurred and revenues from the various grantors are recognized as income when earned.

The Organization is required to report information regarding its financial position and activities according to two classes of net assets based on the existence or absence of donor-imposed restrictions:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations. At June 30, 2020, the Organization had net assets without donor restrictions of \$1,328,828.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. At June 30, 2020, the Organization had \$437,429 of net assets with donor restrictions.

C. Property and Equipment

Office equipment and vehicles with a cost of \$2,500 or greater are recorded at cost and depreciation is calculated on the straight-line basis over the estimated useful life of 5 years. Modular buildings and office space improvements are depreciated over a ten-year life and a seven-year life respectively. Depreciation expense for the year ended June 30, 2020 was \$39,003.

D. Use of Estimates

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

E. Concentrations of Credit Risk

The Organization maintains cash balances at three financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2020 the Organization had a \$323,624 uninsured cash balance.

SKYLINE COMMUNITY ACTION PARTNERSHIP, INC.

Notes to Financial Statements
At June 30, 2020 (continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

A. Income Taxes

Skyline Community Action Partnership, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

B. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all cash on hand, cash in banks and money market funds to be cash and cash equivalents.

C. Functional Expenses

The costs of providing the programs and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, functional expenses are apportioned between program and supporting services based on personnel time for the related activities. Specifically, identifiable expenses are directly allocated.

NOTE 2 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are derived from the following sources:

Program	With Donor Restrictions
Head Start	\$ 49,601
Fauquier County	14,474
Madison County	16,842
Greene County	6,771
Orange County	2,117
Page County	16,863
Rappahanock County	8,333
HOME	16,696
Home - Program Income	191,369
Grant - Dental Care	3,842
Project Discovery	3,843
BAMA Grant	7,910
Blue Bell Foundation	5,074
VHDA Reach	247
EHR - MM and SST Morgan Jr. Trust	1,213
AHIP	306
Skyline Apartments	91,928
Total	<u>\$ 437,429</u>

NOTE 3 - OPERATING LEASE COMMITMENTS:

The Organization leases office space and other facilities from various lessors. The lease terms are generally for one year with provisions for additional one year renewals. Rent expense for the year ended June 30, 2020 was \$48,188.

NOTE 4 - COMPENSATED ABSENCES:

The Organization’s employees earn leave based on length of service. No benefits or pay is received for unused sick leave upon termination by employees. The Organization accrued a total amount of \$53,235 annual leave at June 30, 2020.

NOTE 5 - PROPERTY AND EQUIPMENT:

Property and equipment, at cost, and accumulated depreciation at June 30, 2020 are as follows:

Land	\$	304,981
Office equipment		126,220
Modular buildings		237,772
Other buildings		627,933
Classroom improvements		40,809
Playground equipment		103,771
Health equipment		30,820
Total	\$	1,472,306
Less accumulated depreciation		(685,807)
Net total	\$	<u>786,499</u>

NOTE 6 - CONCENTRATION RISK OF RECEIVABLE:

The Organization receives its revenue primarily from federal and state agencies. Therefore, it has a relatively low level of concentration risk of uncollected receivables.

NOTE 7 - RETIREMENT PLAN:

The Organization has a defined contribution retirement plan under Section 403(b) of the Internal Revenue Code. Employees who work twenty or more hours per week are eligible to participate beginning the first of the month following completion of their 90 day introductory period. Participants can make tax deferred voluntary contributions to the plan subject to limits of the law. The employer must make contributions to the plan allocated to each active participant based on a fixed percentage of the participant’s contribution per payroll period to the plan. Total employer contributions amounted to \$33,149 for the year ended June 30, 2020. Total covered payroll for the retirement plan was \$906,884 and the total payroll for the Organization was \$1,460,418 for the year ended June 30, 2020.

NOTE 8 - CONTINGENT LIABILITIES:

Federal programs in which the Organization participates were audited in accordance with the provisions of the *Uniform Guidance*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the federal government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

NOTE 9 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets that could readily be made available within one year of the statement of financial position to fund expenses without limitations:

Cash and cash equivalents	\$	933,970
Grants receivable		127,430
		<u>1,061,400</u>

NOTE 10 - DATE OF MANagements REVIEW:

Management has evaluated events and transactions for potential recognition or disclosure through March 12, 2021, the date on which the financial statements were available to be issued.

NOTE 11 - SUBSEQUENT EVENTS:

Given the daily evolution of the COVID-19 outbreak and global responses to curb its spread, the Organization is not able to completely estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

- Compliance -



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountant

**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***

**To the Board Members
Skyline Community Action Partnership, Inc.
Madison, Virginia**

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 Skyline Community Action Partnership, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 12, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Kammal, Cox Associates

Charlottesville, Virginia

March 12, 2021



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountant

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

**To the Board Members
Skyline Community Action Partnership, Inc.
Madison, Virginia**

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Skyline Community Action Partnership, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Skyline Community Action Partnership, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Skyline Community Action Partnership, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Skyline Community Action Partnership, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of Skyline Community Action Partnership, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Skyline Community Action Partnership, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Skyline Community Action Partnership, Inc.'s internal control over compliance.

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

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

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

Robinson, Farnum, Cox Associates
Charlottesville, Virginia
March 12, 2021

SKYLINE COMMUNITY ACTION PARTNERSHIP, INC.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Agriculture:			
Direct Payments:			
Child and Adult Care Food Program	10.558	Not Applicable	\$ <u>91,026</u>
Department of Health and Human Services:			
Direct Payments:			
Head Start (Head Start Cluster)	93.600	Not Applicable	\$ 1,419,428
Pass-through Payments:			
Virginia Department of Social Services:			
Community Services Block Grant	93.569	CVS-09-066-25	129,356
Temporary Assistance for Needy Families	93.558	CVS-09-066-25	<u>93,750</u>
Total Department of Health and Human Services			<u>\$ 1,642,534</u>
Department of Housing and Urban Development:			
Direct Payments:			
Housing Counseling Assistance Program	14.169	Not Applicable	\$ 95,000
COVID-19 - Housing Counseling Assistance Program	14.169	Not Applicable	4,187
Total 14.169			<u>\$ 99,187</u>
Pass-through Payments:			
Thomas Jefferson Planning District Commission:			
HOME Investment Partnerships Program	14.239	Not Available	5,058
COVID-19 - Section 8 Housing Choice Vouchers (Housing Voucher Cluster)	14.871	Not Available	<u>640</u>
Total Department of Housing and Urban Development			\$ 104,885
Total Expenditures of Federal Awards			<u>\$ 1,838,445</u>

See accompanying notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Skyline Community Action Partnership, Inc. under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of Skyline Community Action Partnership, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Skyline Community Action Partnership, Inc.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures 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.

(2) Pass-through entity identifying numbers are presented where available.

Note 3 - De Minimis Cost Rate

The Organization did not elect to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4 - Subrecipients

No awards were passed through to subrecipients.

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2020**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	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)?	No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
93.600	Head Start

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Prior Year Audit Findings

There are no prior year audit findings to report.