

SKYLINE COMMUNITY ACTION PARTNERSHIP, INC.

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2023

SKYLINE COMMUNITY ACTION PARTNERSHIP, INC.

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2023

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

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, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Skyline Community Action Partnership, Inc, as of June 30, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Skyline Community Action Partnership, Inc, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Skyline Community Action Partnership, Inc's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Skyline Community Action Partnership, Inc's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Skyline Community Action Partnership, Inc's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements. 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2024, 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
August 13, 2024

- Financial Statements -

SKYLINE COMMUNITY ACTION PARTNERSHIP, INC.

**Statement of Financial Position
At June 30, 2023**

<u>ASSETS</u>	
Current Assets:	
Cash and cash equivalents	\$ 667,899
Grants receivable	440,886
Prepaid expenses	42,501
Total current assets	\$ 1,151,286
Property and Equipment:	
Land	\$ 473,655
Construction in progress	6,400
Office equipment	126,220
Modular buildings	237,772
Other buildings	1,911,480
Classroom improvements	40,809
Playground equipment	103,771
Health equipment	30,820
Subtotal	\$ 2,930,927
Accumulated depreciation	(811,934)
Net property and equipment	\$ 2,118,993
Total assets	\$ 3,270,279
<u>LIABILITIES AND NET ASSETS</u>	
Liabilities:	
Current Liabilities:	
Accounts payable	\$ 15,792
Accrued expenses	75,624
Total current liabilities	\$ 92,271
Long-term Liabilities:	
Compensated absences	\$ 48,464
Total long-term liabilities	\$ 48,464
Total liabilities	\$ 140,735
Net Assets:	
Net assets without donor restrictions	\$ 2,582,092
Net assets with donor restrictions	547,452
Total net assets	\$ 3,129,544
Total liabilities and net assets	\$ 3,270,279

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

SKYLINE COMMUNITY ACTION PARTNERSHIP, INC.

Statement of Activities
Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains, and Other Support			
Grants from government agencies:			
Federal Head Start funds	\$ -	\$ 1,651,131	\$ 1,651,131
Federal CSBG funds	-	193,922	193,922
Federal Housing Counseling	-	120,411	120,411
USDA	-	141,160	141,160
H.O.M.E.	-	151,539	151,539
Project Discovery	-	25,000	25,000
Greene County	-	42,815	42,815
Madison County	-	48,502	48,502
Page County	-	23,000	23,000
Orange County	-	7,500	7,500
Fauquier County	-	18,000	18,000
TANF	-	145,958	145,958
Interest	735	-	735
Program income	-	474,909	474,909
Section 8 fees	144,318	-	144,318
Rental income	83,064	108,344	191,408
Other income	6,042	1,068	7,110
Total	<u>\$ 234,159</u>	<u>\$ 3,153,259</u>	<u>\$ 3,387,418</u>
Net assets released from restrictions:			
Restrictions satisfied by payments	<u>\$ 3,134,721</u>	<u>\$ (3,134,721)</u>	<u>\$ -</u>
Total revenues, gains, and other support	<u>\$ 3,368,880</u>	<u>\$ 18,538</u>	<u>\$ 3,387,418</u>
Expenses:			
Program Services:			
Assistance for low-income residents	\$ 2,277,750	\$ -	\$ 2,277,750
Supporting Services:			
Management and general	517,380	-	517,380
Total expenses	<u>\$ 2,795,130</u>	<u>\$ -</u>	<u>\$ 2,795,130</u>
Changes in net assets	\$ 573,750	\$ 18,538	\$ 592,288
Net assets, beginning of year	<u>2,008,342</u>	<u>528,914</u>	<u>2,537,256</u>
Net assets, end of year	<u>\$ 2,582,092</u>	<u>\$ 547,452</u>	<u>\$ 3,129,544</u>

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

SKYLINE COMMUNITY ACTION PARTNERSHIP, INC.

**Statement of Functional Expenses
Year Ended June 30, 2023**

	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>Assistance for Low-Income Residents</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 1,411,678	\$ 337,669	\$ 1,749,347
Payroll taxes	105,818	25,534	131,352
Retirement contribution	23,516	13,494	37,010
Other employee benefits	129,255	21,663	150,918
Total salaries and related expenses	\$ 1,670,267	\$ 398,360	\$ 2,068,627
Professional fees	750	10,276	11,026
Client services	4,512	-	4,512
Insurance	688	30,962	31,650
Supplies	240,138	2,511	242,649
Communication	14,647	5,635	20,282
Postage and shipping	2,476	1,427	3,903
Equipment rental and maintenance	3,144	40,508	43,652
Dues and publications	27,877	7,847	35,724
Travel	24,267	176	24,443
Conferences and training	29,860	546	30,406
Occupancy	182,979	11,741	194,720
Emergency assistance	1,075	-	1,075
Other	14,469	7,391	21,861
Total expenses before depreciation	\$ 2,217,149	\$ 517,380	\$ 2,734,530
Depreciation	60,601	-	60,601
Total expenses	<u>\$ 2,277,750</u>	<u>\$ 517,380</u>	<u>\$ 2,795,131</u>

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

SKYLINE COMMUNITY ACTION PARTNERSHIP, INC.

Statement of Cash Flows
Year Ended June 30, 2023

Cash flows from operating activities:

Change in net assets \$ 592,288

Adjustments to reconcile change in net assets to net cash provided by
(used for) operating activities:

Depreciation 60,601
(Increase) decrease in grants receivable (219,981)
(Increase) decrease in prepaid expenses 18,584
(Increase) decrease in other receivables 12,378
Increase (decrease) in accounts payable 1,506
Increase (decrease) in accrued expenses (6,007)
Increase (decrease) in compensated absences (2,978)

Net cash provided by (used for) operating activities \$ 457,246

Cash flows from investing activities:

Purchase of property and equipment \$ (651,265)

Net cash provided by (used for) investing activities \$ (651,265)

Increase (decrease) in cash and cash equivalents \$ (194,019)

Cash and cash equivalents, beginning of year 861,918

Cash and cash equivalents, end of year \$ 667,899

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

SKYLINE COMMUNITY ACTION PARTNERSHIP, INC.

Notes to Financial Statements
At June 30, 2023

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.

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, 2023, the Organization had net assets without donor restrictions of \$2,582,092.

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, 2023, the Organization had \$547,452 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. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted unless the donor has restricted the donated asset to a specific purpose. Donated assets are recorded at fair value. 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, 2023 was \$60,601.

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.

SKYLINE COMMUNITY ACTION PARTNERSHIP, INC.

Notes to Financial Statements
At June 30, 2023 (continued)

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

E. Concentrations of Credit Risk

The Organization maintains cash balances at two financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2023, the Organization had a \$175,568 uninsured cash balance.

F. Income Taxes

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

G. 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.

H. 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.

I. Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Consequently, at June 30, 2023, the Organization did not have any conditional contributions.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. At June 30, 2023 the Organization had not received any unrecognized cost-reimbursable grants and did not have any advance payments recognized in the statement of financial position.

SKYLINE COMMUNITY ACTION PARTNERSHIP, INC.

Notes to Financial Statements
At June 30, 2023 (continued)

NOTE 2 - NET ASSETS WITH DONOR RESTRICTIONS:

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

<u>Program</u>	<u>With Donor Restrictions</u>
Head Start	\$ 26,391
Fauquier County	49,264
Madison County	15,753
Greene County	22,160
Orange County	9,430
Page County	38,375
Rappahanock County	7,849
HOME	6,663
Home - Program Income	54,670
Grant - Dental Care	3,650
Project Discovery	6,370
REC Charity	5,000
Blue Bell Foundation	5,074
USDA	6,787
CHDO	1,756
Culpeper Wellness Foundation	5,500
American Woodwork Foundation, Inc.	1,000
Madison Road Houses	17,696
Regional Digital Opportunity Plan - People	258
EHR	4,586
Jack Russell Properties	146,009
Skyline Apartments	113,211
Total	<u>\$ 547,452</u>

NOTE 3 - 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 \$48,464 annual leave at June 30, 2023.

SKYLINE COMMUNITY ACTION PARTNERSHIP, INC.

Notes to Financial Statements
At June 30, 2023 (continued)

NOTE 5 - PROPERTY AND EQUIPMENT:

Property and equipment, at cost, and accumulated depreciation at June 30, 2023 are as follows:

Land	\$	473,655
Construction in progress		6,400
Office equipment		126,220
Modular buildings		237,772
Other buildings		1,911,480
Classroom improvements		40,809
Playground equipment		103,771
Health equipment		<u>30,820</u>
Total	\$	<u>2,930,927</u>
Less accumulated depreciation		<u>(811,934)</u>
Net total	\$	<u><u>2,118,993</u></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 \$37,010 for the year ended June 30, 2023. Total covered payroll for the retirement plan was \$837,123 and the total payroll for the Organization was \$1,749,347 for the year ended June 30, 2023.

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.

SKYLINE COMMUNITY ACTION PARTNERSHIP, INC.

Notes to Financial Statements
At June 30, 2023 (continued)

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	\$	667,899
Grants receivable		<u>440,886</u>
	\$	<u><u>1,108,785</u></u>

NOTE 10 - DATE OF MANAGER'S REVIEW:

Management has evaluated events and transactions for potential recognition or disclosure through August 13, 2024, the date on which the financial statements were available to be issued.

- 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***

**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, 2023, 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 August 13, 2024

Report on 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.

Report on 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, Farnell, Cox Associates

Charlottesville, Virginia

August 13, 2024



**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

Opinion on Each Major Federal Program

We have audited Skyline Community Action Partnership, Inc.'s 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 Skyline Community Action Partnership, Inc.'s major federal programs for the year ended June 30, 2023. 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.

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, 2023.

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 Skyline Community Action Partnership, Inc. 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 Skyline Community Action Partnership, Inc.'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 Skyline Community Action Partnership, Inc.'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 Skyline Community Action Partnership, Inc.'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 Skyline Community Action Partnership, Inc.'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 Skyline Community Action Partnership, Inc.'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 Skyline Community Action Partnership, Inc.'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 Skyline Community Action Partnership, Inc.'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.

Report on Internal Control over Compliance (Continued)

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.

Robinson, Farnell, Cox Associates

Charlottesville, Virginia
August 13, 2024

SKYLINE COMMUNITY ACTION PARTNERSHIP, INC.

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023**

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Agriculture:			
Direct Payments:			
Child and Adult Care Food Program	10.558	Not Applicable	\$ <u>141,160</u>
Department of Health and Human Services:			
Direct Payments:			
Head Start (Head Start Cluster)	93.600	Not Applicable	\$ 1,581,578
COVID-19 - ARPA - Head Start (Head Start Cluster)	93.600	Not Applicable	<u>69,553</u>
Total 93.600 (Head Start Cluster)			\$ <u>1,651,131</u>
Pass-through Payments:			
Virginia Department of Social Services:			
Community Services Block Grant	93.569	CVS-09-066-25	186,147
COVID-19 - Community Services Block Grant	93.569	Not Available	<u>7,775</u>
Total 93.569			\$ <u>193,922</u>
Temporary Assistance for Needy Families	93.558	CVS-09-066-25	\$ <u>145,958</u>
Total Department of Health and Human Services			\$ <u>1,991,011</u>
Department of Housing and Urban Development:			
Direct Payments:			
Housing Counseling Assistance Program	14.169	Not Applicable	\$ 120,411
Pass-through Payments:			
Thomas Jefferson Planning District Commission:			
HOME Investment Partnerships Program	14.239	Not Available	<u>151,539</u>
Total Department of Housing and Urban Development			\$ <u>271,950</u>
Total Expenditures of Federal Awards			\$ <u><u>2,404,121</u></u>

See accompanying notes to schedule of expenditures of federal awards.

SKYLINE COMMUNITY ACTION PARTNERSHIP, INC.

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

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, 2023. 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.

SKYLINE COMMUNITY ACTION PARTNERSHIP, INC.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

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:	

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
93.600	Head Start Cluster

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.