

**Allegany County Human Resources  
Development Commission, Inc.**

**Financial Statements and Audit Report**

**September 30, 2024**

***TURNBULL, HOOVER, & KAHL, P.A.***  
***Certified Public Accountants***

Allegany County Human Resources  
Development Commission, Inc.  
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Board of Directors  
Allegany County Human Resources  
Development Commission, Inc.

## **Independent Auditors' Report**

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

#### **Opinion**

We have audited the accompanying financial statements of Allegany County Human Resources Development Commission, Inc. (the "Commission") (a nonprofit organization), which comprise the statement of financial position as of September 30, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Allegany County Human Resources Development Commission, Inc. as of September 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Allegany County Human Resources Development Commission, 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 opinions.

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Allegany County Human Resources Development Commission, Inc.'s ability to continue as a going concern within one year after the date 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 Allegany County Human Resources Development Commission, 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Allegany County Human Resources Development Commission, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

### **Supplementary Information**

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

generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Report on Summarized Comparative Information**

We have previously audited the Allegany County Human Resources Development Commission, Inc.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 21, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2025, on our consideration of Allegany County Human Resources Development Commission, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

*Tumbull, Hoover & Kahl P.A.*

Oakland, Maryland

June 13, 2025

**ALLEGANY COUNTY**  
**HUMAN RESOURCES DEVELOPMENT COMMISSION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2024 WITH SUMMARIZED**  
**FINANCIAL INFORMATION AS OF SEPTEMBER 30, 2023**

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 1,326,687	\$ 2,482,957
Investments	909,428	778,736
Accounts Receivable-Unconditional Promise-Building Leases, Current Portion	244,854	259,847
Accounts Receivable	143,798	90,796
Grants Receivable, Net	1,885,674	1,502,938
Prepaid Expenses	112,081	134,634
<b>Total Current Assets</b>	<u>4,622,522</u>	<u>5,249,908</u>
<b>Noncurrent Assets</b>		
Property and Equipment, Net of Accumulated Depreciation	4,642,982	5,083,694
Accounts Receivable-Unconditional Promise-Building Leases, Noncurrent Portion	310,784	441,667
Financing Lease Right-Of-Use Asset	320,356	232,049
<b>Total Noncurrent Assets</b>	<u>5,274,122</u>	<u>5,757,410</u>
 <b>TOTAL ASSETS</b>	 <u>\$ 9,896,644</u>	 <u>\$ 11,007,318</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 266,114	\$ 516,002
Accrued Payroll	111,443	103,500
Accrued Leave/Benefits Payable	389,910	302,178
Deferred Revenue	430,859	178,803
Current Portion of Due to Governments	73,069	73,266
Current Portion of Lease Liability	117,190	91,807
Other Liabilities Payable	104,507	43,134
<b>Total Current Liabilities</b>	<u>1,493,092</u>	<u>1,308,690</u>
<b>Long-term Liabilities</b>		
Due to Governments, less Current Portion	250,275	323,966
Financing Lease Liability, less Current Portion	155,630	136,519
<b>Total Long-term Liabilities</b>	<u>405,905</u>	<u>460,485</u>
<b>Total Liabilities</b>	<u>1,898,997</u>	<u>1,769,175</u>
<b>Net Assets</b>		
Net Assets Without Donor Restrictions		
Operating	6,669,473	7,850,482
Board Designated	1,328,174	1,386,318
Total Net Assets Without Donor Restrictions	<u>7,997,647</u>	<u>9,236,800</u>
Net Assets With Donor Restrictions	-	1,343
<b>Total Net Assets</b>	<u>7,997,647</u>	<u>9,238,143</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <u>\$ 9,896,644</u>	 <u>\$ 11,007,318</u>

The accompanying notes are an integral part of these financial statements.

**ALLEGANY COUNTY**  
**HUMAN RESOURCES DEVELOPMENT COMMISSION, INC.**  
**STATEMENT OF ACTIVITIES and CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024 WITH SUMMARIZED**  
**FINANCIAL INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2023**

<b><u>Support and Revenue</u></b>	<b><u>Net Assets Without Donor Restrictions</u></b>	<b><u>Net Assets With Donor Restrictions</u></b>	<b><u>2024 Total</u></b>	<b><u>2023 Total</u></b>
<b>Support</b>				
Federal Revenue	\$ 9,167,008	\$ -	\$ 9,167,008	\$ 9,104,809
State Revenue	1,568,495	-	1,568,495	1,284,775
Local Government Revenue	829,339	-	829,339	850,604
Private Source Revenue	628,397	-	628,397	525,749
Donations	124,113	-	124,113	129,485
In-Kind Contributions	131,530	-	131,530	56,493
<b>Total Support</b>	<b>12,448,882</b>	<b>-</b>	<b>12,448,882</b>	<b>11,951,915</b>
<b>Revenue</b>				
Client Fees	602	-	602	30,679
Interest Income	52,006	-	52,006	65,238
Investment Income, net	130,692	-	130,692	55,087
Rental Income	-	-	-	11,435
Other Revenue	19,517	-	19,517	20,552
Gain/(Loss) on Disposal	(2,369)	-	(2,369)	-
<b>Total Revenue</b>	<b>200,448</b>	<b>-</b>	<b>200,448</b>	<b>182,991</b>
Net assets released from restrictions satisfied by payments	1,343	(1,343)	-	-
<b>Total Support and Revenue</b>	<b>12,650,673</b>	<b>(1,343)</b>	<b>12,649,330</b>	<b>12,134,906</b>
<b><u>Expenses</u></b>				
<b>Program Services</b>				
Community Welfare	528,506	-	528,506	633,459
Energy Services	368,284	-	368,284	316,322
Health & Nutrition	8,268,778	-	8,268,778	7,606,992
Housing Development	3,717,898	-	3,717,898	3,332,485
<b>Total Program Services</b>	<b>12,883,466</b>	<b>-</b>	<b>12,883,466</b>	<b>11,889,258</b>
<b>Supporting Services</b>				
Management & General	1,006,360	-	1,006,360	995,685
<b>Total Supporting Services</b>	<b>1,006,360</b>	<b>-</b>	<b>1,006,360</b>	<b>995,685</b>
<b>Total Expenses</b>	<b>13,889,826</b>	<b>-</b>	<b>13,889,826</b>	<b>12,884,943</b>
<b>Changes in Net Assets</b>	<b>(1,239,153)</b>	<b>(1,343)</b>	<b>(1,240,496)</b>	<b>(750,037)</b>
<b>Net Assets, Beginning of Year, as restated</b>	<b>9,236,800</b>	<b>1,343</b>	<b>9,238,143</b>	<b>9,988,180</b>
<b>Net Assets, End of Year</b>	<b>\$ 7,997,647</b>	<b>\$ -</b>	<b>\$ 7,997,647</b>	<b>\$ 9,238,143</b>

The accompanying notes are an integral part of these financial statements.

**ALLEGANY COUNTY HUMAN RESOURCES DEVELOPMENT COMMISSION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024 WITH SUMMARIZED**  
**FINANCIAL INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Program Services				Support Services		Total Expenses	
	Community Welfare	Energy Services	Health and Nutrition	Housing Development	Management and General	2024	2023	
Salaries and Wages	\$ 160,276	\$ 33,743	\$ 3,752,610	\$ 133,921	\$ 766,317	\$ 4,846,867	\$ 4,148,235	
Payroll Taxes	17,765	3,683	430,033	17,073	35,328	503,882	447,126	
Employee Benefits	25,103	7,942	515,943	38,384	94,158	681,530	694,784	
Travel	2,196	186	44,024	-	18,048	64,454	66,459	
Vehicle Costs	-	-	234,660	2,488	(1,377)	235,771	201,035	
Insurances	1,616	130	39,501	(578)	98,513	139,182	86,423	
Training	300	-	89,103	-	26,174	115,577	98,147	
Dues & Subscriptions	-	-	10,467	-	22,156	32,623	19,661	
Program Expenses	239,932	306,960	1,321,394	3,442,405	169,841	5,480,532	5,173,951	
Taxes	-	-	(57)	120	1,597	1,660	2,376	
Interest Expense	-	-	16,620	1,350	17,957	35,927	24,874	
Office Supplies	2,446	757	23,345	4,295	16,033	46,876	60,100	
Board Expenses	-	-	-	-	1,859	1,859	1,282	
Advertising	3,547	-	74,010	315	16,139	94,011	115,418	
Printing	-	-	6,198	-	-	6,198	3,473	
Postage	365	-	1,006	3,921	4,919	10,211	10,527	
Communications	3,344	80	87,234	1,178	23,303	115,139	123,902	
Occupancy Costs	6,877	370	107,042	2,544	31,663	148,496	179,792	
Repairs and Maintenance	4,399	172	180,842	10,771	199,398	395,582	463,775	
Legal & Professional	-	-	805	-	39,575	40,380	37,753	
Contractual Services	-	-	12,321	-	7,845	20,166	18,049	
Bad Debt	-	-	377	3,794	-	4,171	19,699	
Depreciation	14,516	1,291	212,513	15,538	194,484	438,342	489,088	
Amortization	-	-	130,743	5,512	16,729	152,984	127,209	
In-Kind	2,250	-	272,885	-	2,271	277,406	271,805	
Administration Allocations	43,574	12,970	705,159	34,867	(796,570)	-	-	
<b>TOTAL EXPENSES</b>	<b>\$ 528,506</b>	<b>\$ 368,284</b>	<b>\$ 8,268,778</b>	<b>\$ 3,717,898</b>	<b>\$ 1,006,360</b>	<b>\$ 13,889,826</b>	<b>\$ 12,884,943</b>	

The accompanying notes are an integral part of these financial statements.

**ALLEGANY COUNTY HUMAN RESOURCE DEVELOPMENT COMMISSION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024 WITH SUMMARIZED**  
**FINANCIAL INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2023**

<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>
Change in Net Assets	\$ (1,240,496)	\$ (750,037)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	438,342	489,088
Amortization	152,984	127,209
Bad Debts	4,171	19,699
(Gain)/Loss on Disposal of Fixed Asset	2,369	-
(Gain)/Loss on Sale of Investments	(25,658)	27,188
Unrealized Gain/Loss on Investments	(83,044)	(57,953)
(Increase) Decrease in A/R-Unconditional Promise	145,876	215,312
(Increase) Decrease in Accounts Receivable	(57,173)	(24,144)
(Increase) Decrease in Grants Receivable	(382,736)	(77,052)
(Increase) Decrease in Prepaid Expenses	22,553	33,025
Increase (Decrease) in Accounts Payable	(249,888)	(7,414)
Increase (Decrease) in Accrued Payroll	7,943	19,313
Increase (Decrease) in Accrued Leave	87,732	26,759
Increase (Decrease) in Deferred Revenue	252,056	(348,464)
Increase (Decrease) in Other Liabilities Payable	61,373	25,267
	<hr/>	<hr/>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b><u>(863,596)</u></b>	<b><u>(282,204)</u></b>
 <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchase of Property and Equipment	-	(106,744)
Proceeds from Sale of Investments	144,959	281,695
Purchase of Investments	(166,949)	(306,017)
	<hr/>	<hr/>
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b><u>(21,990)</u></b>	<b><u>(131,066)</u></b>
 <b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Payments on Due to Governments	(73,888)	(68,740)
Payments on Leases	(196,796)	(130,932)
	<hr/>	<hr/>
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b><u>(270,684)</u></b>	<b><u>(199,672)</u></b>
 <b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>(1,156,270)</b>	<b>(612,942)</b>
 Cash and Cash Equivalents, Beginning of Fiscal Year	2,482,957	3,095,899
	<hr/>	<hr/>
<b>Cash and Cash Equivalents, End of Fiscal Year</b>	<b><u>\$ 1,326,687</u></b>	<b><u>\$ 2,482,957</u></b>
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Interest paid	<u>\$ 35,927</u>	<u>\$ 24,874</u>

The accompanying notes are an integral part of these financial statements

**Allegany County Human Resources Development Commission, Inc.**  
**Notes to Financial Statements**  
**September 30, 2024**

Note 1: Reporting Entity and Summary of Significant Accounting Principles

Organization

Allegany County Human Resources Development Commission, Inc. (Commission), a nonprofit Community Action Agency in Allegany County, Maryland, strives to eliminate social and economic barriers to promote individual and community stability through services, advocacy, and collaboration.

Financial Statement Presentation

The Commission is required to classify net assets, revenues, and gains and losses, based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Commission and changes therein are reported into two categories: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions - This class represents those net assets whose use is not restricted by the donor. These net assets generally result from providing services and receiving contributions and performing administrative functions. These net assets also include board designated net assets. The Commission's Board of Directors has set aside amounts received from various donors as designated net assets and has implemented an investment policy. These amounts are not subjected to donor restrictions.

Net assets with donor restrictions - This class represents those net assets whose use is restricted by the donor for specific stipulations imposed by the donor. These net assets generally result from contributions and other inflows of assets, the use of which is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Commission pursuant to those stipulations. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Generally, the donors of these assets permit the Commission to use the income earned on related investments for general or specific purposes.

When a donor restriction expires as a result of a stipulated time restriction ending or purpose restriction being accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities and changes in net assets as net assets released from restrictions.

Basis of Accounting

The Commission prepares its financial statements on the accrual basis of accounting, in accordance with generally accepted accounting principles (GAAP). Therefore, revenues are recognized when earned rather than when received, and expenses are recognized when the obligation is incurred rather than when cash is disbursed.

Support is recognized when contributions are received. All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to other legal restrictions.

Revenues are recorded when earned rather than when received for the fiscal year. Therefore, related accounts receivables represent revenues earned but not yet received. Related deferred revenue represents grant funds received but not yet earned as of September 30, 2024.

**Allegany County Human Resources Development Commission, Inc.**  
**Notes to Financial Statements**  
**September 30, 2024**

Note 1: Reporting Entity and Summary of Significant Accounting Principles - Continued

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Commission considers all highly liquid assets (including restricted assets, if any) with maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable and Bad Debts Expense

The Commission reports accounts receivable net of an allowance for doubtful accounts. Under the allowance method of handling bad debts, an estimate of the total uncollectible accounts is calculated and periodically evaluated. Receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. The Commission recorded bad debt expense of \$4,171 and \$19,699 for the years ended September 30, 2024 and 2023, respectively.

Property and Equipment

The Commission follows the practice of capitalizing all expenditures for equipment and improvements in excess of \$1,000. Purchased assets are recorded at cost. Donated assets are recorded at their current or appraised value at the date they are donated. Maintenance and repairs are charged to expenses as incurred.

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets that range from three to ten years for autos and equipment, and 30 years for buildings with no salvage value assigned. Leasehold improvements are amortized over the remaining life of the lease.

When fixed assets are retired or otherwise disposed of, the cost is removed from the asset account and the related depreciation is adjusted with the difference being charged to income as either a gain or loss.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the reporting period. Actual results could differ from those estimates.

Contributions

The Commission reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, with donor restricted net assets are reclassified to without donor restricted net assets and reported in the statement of activities as net assets released from restrictions.

**Allegany County Human Resources Development Commission, Inc.**  
**Notes to Financial Statements**  
**September 30, 2024**

Note 1: Reporting Entity and Summary of Significant Accounting Principles - Continued

Unconditional Promises to Give

Unconditional promises to give are recorded as receivables and revenue when received. The Commission distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Pledges are recorded after being discounted to the anticipated net present value of the future cash flows.

Functional Expenses

The Commission allocates its expenses on a functional basis among the various programs. Expenses that can be identified with a specific program are allocated directly according to their natural expenditure classification. Other expenses that are common to many programs are allocated in accordance with the Commission's approved indirect cost allocation plan.

Advertising

Advertising costs are expensed as incurred and included in expenses via allocation to programs and supporting services.

Income Tax Status

The Commission is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and did not conduct unrelated business activities. Therefore, the Board has not made any provisions for federal income taxes in the accompanying financial statements. Additionally, the Commission has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of section 509(a) of the Internal Revenue Code.

Management has reviewed the Commission's tax positions for all open tax years (tax years after September 30, 2021) and has determined that no provision for income taxes is required in the Commission's financial statements, in accordance with financial and accounting disclosure requirements for recognition and measurement of tax positions taken or expected to be taken on a U.S. income tax return.

Leases

The Commission determines if an arrangement is a lease at inception. Finance leases are included in other assets, current liabilities, and non-current liabilities in the statement of financial position.

Right-of-use (ROU) assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Commission's leases do not provide an implicit rate, we generally use our incremental borrowing rate based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments at commencement date. Amortization of the ROU asset is recognized over a straight-line basis over the lease term.

The Commission has lease agreements with lease and non-lease components, which are accounted for separately.

**Allegany County Human Resources Development Commission, Inc.**  
**Notes to Financial Statements**  
**September 30, 2024**

Note 1: Reporting Entity and Summary of Significant Accounting Principles - Continued

Description of Programs

The Commission's principal programs are as follows:

- Community Welfare - provides services such as, shelter and food for the poverty level residents of Allegany County. Programs include Homeless Services, Earned Income Tax Credit Program, Work Experience and Family Asset Development Program
- Energy Services - provides supplemental payments for energy costs for low-income families. Programs include Office of Home Energy Program and Weatherization.
- Health & Nutrition - provides day care for mentally and physically handicapped adults and pre-school educational experiences for children of low-income families. Also, provides nutritious meals and transportation for low-income families and elderly residents. The programs include Head Start, Early Head Start, Adult Day Care, Older Americans Act, and Child Care and Family Programs.
- Housing Development - provides housing for low-income families and the elderly. The program includes Group Senior Assisted Housing and Housing Choice Voucher programs.
- Mgmt & General - administers the entire commission program and various other duties. The special projects enhance client services through community supported activities. The program includes County, Corporate, Community Services Block Grant and Special Projects.

Nature of Prior Period Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Commission's financial statements as of and for the year ended September 30, 2023, from which summarized information was derived.

Note 2: Deposits with Financial Institutions

At September 30, 2024 and 2023, the carrying amount of deposits was \$1,326,687 and \$2,482,957, respectively. The bank balance was \$1,836,904 and \$2,593,525 at September 30, 2024 and 2023, respectively.

The Commission's bank balance was either covered by Federal Deposit Insurance Corporation or was covered by collateral.

**Allegany County Human Resources Development Commission, Inc.**  
**Notes to Financial Statements**  
**September 30, 2024**

Note 3: Receivables

Accounts receivable at September 30, 2024 and 2023 is comprised of the following:

	<u>2024</u>	<u>2023</u>
Private source receivable	\$ 104,701	\$ 67,920
Due from employee	38,974	22,753
Due from program/source	123	123
	<u>\$ 143,798</u>	<u>\$ 90,796</u>

Grants receivable at September 30, 2024 and 2023 is comprised of the following:

	<u>2024</u>	<u>2023</u>
Federal receivable	\$ 1,510,612	\$ 1,297,745
State receivable	531,726	361,857
Grant receivable, gross	<u>2,042,338</u>	<u>1,659,602</u>
Less allowance for doubtful accounts	<u>(156,664)</u>	<u>(156,664)</u>
Grant receivable, net	<u>\$ 1,885,674</u>	<u>\$ 1,502,938</u>

Note 4: Unconditional Promises to Give In-Kind

Unconditional promises to give at September 30, 2024 and 2023, consists of the following:

	<u>2024</u>	<u>2023</u>
Building Leases (see Note 8 & 13)	\$ 555,638	\$ 701,514
Total	<u>\$ 555,638</u>	<u>\$ 701,514</u>
Amounts due in:		
Less than one year	\$ 244,854	\$ 259,847
One to five years	308,019	441,667
More than five years	2,765	-
	<u>\$ 555,638</u>	<u>\$ 701,514</u>

Unconditional promises to give due in more than one year are recognized at fair value, when the donor makes an unconditional promise to give to the Commission.

Note 5: Investments

Investments in equity securities with readily determinable fair values are carried at fair value based on quoted prices in active markets (all level 1 measurements). Investments at September 30, 2024 and 2023, were comprised of mutual funds with a fair value of \$909,428 and \$778,736, respectively.

The following schedule summarizes the investment return in the statement of activities:

	<u>2024</u>	<u>2023</u>
Interest and dividend income	\$ 31,902	\$ 33,527
Net unrealized gains (losses)	83,044	57,953
Net realized gains (losses)	25,658	(27,188)
Investment fees	<u>(9,912)</u>	<u>(9,205)</u>
Net investment income	<u>\$ 130,692</u>	<u>\$ 55,087</u>

**Allegany County Human Resources Development Commission, Inc.**  
**Notes to Financial Statements**  
**September 30, 2024**

Note 6: Fair Value Investments

Fair values of assets measured on a recurring basis using quoted prices in active markets for identical assets (level 1) at September 30, 2024 and 2023, are as follows:

	<u>2024</u>	<u>2023</u>
Money Market Funds	\$ 11	\$ 39
Mutual Funds	909,417	778,697
Total	\$ 909,428	\$ 778,736

The framework for measuring fair value 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 under FASB ASC 820-10 are described as follows:

- Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 inputs to the valuation methodology include the following:
  - 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
  - Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means

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's or liability's fair value measurement 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 following provides a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2024 and 2023.

Money markets and mutual funds are valued at the net asset value of shares held by the Commission at year end.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumption determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**Allegany County Human Resources Development Commission, Inc.**  
**Notes to Financial Statements**  
**September 30, 2024**

Note 7: Long-Term Liabilities

The Commission's long-term liabilities consist of the following:

Installment loan due in semi-annual installments of varying amounts through July 2028; variable interest	<u>\$ 305,000</u>
Installment loan due in monthly installments of varying amounts through July 2029; variable interest	<u>\$ 18,344</u>

Maturities of long-term liabilities as of September 30, 2024, are as follows:

<u>Year</u>	<u>Amount</u>
2025	\$ 73,069
2026	78,822
2027	88,958
2028	79,099
2029	3,396
	<u>\$ 323,344</u>

The Commission has available a bank line of credit for any amount up to \$475,000 at September 30, 2024 and September 30, 2023. The line of credit is secured by the Organization's building. The line of credit bears interest at 4%. The Organization was obligated for \$0 and \$0 at September 30, 2024 and 2023, respectively.

Note 8: Donated Materials and Services

The value of donated building space, equipment and materials are reflected in the accompanying financial statements at fair market value for all programs. The Commission receives donated space from the Board of Education and Allegany College. The Commission is responsible for all operating costs. The following grant contracts require accounting for these donations: Head Start, Early Head Start, and Older Americans Act.

In accordance with generally accepted accounting principles, FASB *Accounting Standards Codification 958, Recognition* requires that donated building space be recorded at fair market value of the total lease at its inception as income and a related receivable (see Note 4), which is amortized over the life of the lease. These leases expire at various times between July 31, 2025 and December 1, 2029. The amount of donated building space and donated goods and materials for the fiscal years ended September 30, 2024 and 2023, was \$277,406 and \$271,805, respectively.

A difference exists between in-kind revenue and in-kind expenses. The difference is created when a long term lease is signed and recorded as an Unconditional Promise – Building Lease on the balance sheet. The unconditional promise is reduced annually which also creates a difference between in-kind revenue and in-kind expenses.

Donated services are performed by unpaid volunteer officers and committees to manage and promote the Commission's programs and activities. The value of this contributed time is not reflected in the accompanying financial statements because it does not meet the criteria for recognition under generally accepted accounting standards.

**Allegany County Human Resources Development Commission, Inc.**  
**Notes to Financial Statements**  
**September 30, 2024**

Note 9: Property and Equipment

A summary of property and equipment at September 30, 2024, is as follows:

	Cost	Accumulated Depreciation
Land	\$ 279,695	\$ -
Land improvements	655,009	415,831
Building and improvements	8,677,433	4,913,757
Equipment	1,110,710	884,731
Furnishings	27,117	19,058
Vehicles	<u>1,054,714</u>	<u>928,319</u>
<b>TOTAL</b>	<b><u>\$ 11,804,678</u></b>	<b><u>\$ 7,161,696</u></b>

Note 10: Financing Lease Liability

The Commission leases 5 copiers. Each lease is for 63 months requiring total payments of \$729 per month. The leases began July 2022, October 2022, June 2023, March 2024, and July 2024.

The Commission leases 1 postage machine. The lease is for 60 months requiring monthly payments of \$59. The lease began in February 2022.

The Commission leases 14 vehicles. One lease is for 36 months, and the others are for 60 or 67 months with the option of extending month-to-month. The vehicle leases require total payments of \$11,628 per month. The leases began (4) September 2018, February 2019, April 2019, December 2019, (2) January 2020, January 2021, December 2022, August 2023, December 2023, and February 2024. A maintenance fee ranging from \$53 to \$75 is included in the monthly payments.

The Commission leases 4 operating spaces. The leases are for 36, 60, or 72 months requiring total payments of \$2,519 per month. The leases began July 2019, October 2020, June 2022, and April 2024.

Finance Lease Cost	
Amortization of Right-Of-Use Assets	\$ 152,984
Interest on Lease Liabilities	24,718
Total finance lease cost	<u>\$ 177,702</u>

Other Information:

Right of use assets obtained in exchange for new finance lease liabilities	\$93,994
Weighted average remaining lease term- finance leases	2.9 years
Weighted average discount rate – finance leases	8.14%

**Allegany County Human Resources Development Commission, Inc.**  
**Notes to Financial Statements**  
**September 30, 2024**

Note 10: Financing Lease Liability (continued)

The required minimum operating lease payments for each of the five succeeding years are as follows:

During the year ended September 30,		
	2025	\$ 117,190
	2026	72,508
	2027	42,224
	2028	30,500
	2029	10,398
		<u>\$ 272,820</u>

Note 11: Retirement Plan

Effective October 1, 1999, the Commission enrolled in the United Food and Commercial Workers Unions and Participating Employers Pension Plan. Contributions are made by the Commission for regular and limited union employees at a rate of \$0.52 per hour up to a maximum of 40 hours per week. Union employees are eligible the first full payroll week following completion of 30 days of continuous employment retroactive to day one of employment.

The Commission added a 403(b) retirement plan in fiscal year (FY) 2002 for all eligible employees. Employees can contribute up to the maximum allowed by the 403(b) plan and the Commission matches \$.50 on the dollar up to a cap of six percent on the non-union employee contributions. There were no discretionary matches in FY 2024 or 2023. An employee is determined to be fully vested with five years of service. The total assets for the plan as of September 30, 2024 and 2023 were \$1,472,759 and \$1,012,285, respectively. The employee contribution for FY 2024 and 2023 was \$90,265 and \$64,092, respectively. The Commission's contribution was \$26,811 and \$22,370 for FY 2024 and 2023, respectively.

Note 12: Annual Leave Accrual

Annual vacation leave is earned by all full-time and all part-time employees who have been employed with the agency for one full calendar year and who work at least four hours a day, 20 hours a week. The leave is earned monthly during the current program year and computed and credited to the employee on the first day of the following program year. It is then available to the employee for use during that program year.

Sick leave is earned each pay period at a predetermined earning rate by all regular employees who have been employed by the agency for one full calendar year. Maximum levels exist for the number of hours available to be earned each year, as well as the total number hours available each year per employee. Sick leave balances can be carried from year to year. Upon an employee's resignation or permanent furlough, the employee is eligible to be paid a maximum of five days of sick leave, if available, in the employee's account.

In addition, when an employee is terminated, one month of health insurance is provided to that employee. This amount for each employee has been accrued also.

**Allegany County Human Resources Development Commission, Inc.**  
**Notes to Financial Statements**  
**September 30, 2024**

Note 13: Board Designated Net Assets

Designated net assets consist of three parts: funds for adult day care, unconditional promises for rental spaces, and accrued benefits payable.

The Adult Day Care Centers were partially built with State of Maryland funding. That portion of the building paid with State of Maryland funding can be reclaimed by the State if the Commission does not use the building for adult day care centers for a total of 30 years. The Commission has designated net assets in the amount of \$382,626 in FY'24 and \$382,626 in FY'23 in order to cover the State portion until the 30 years are completed. Also, the amount of accounts receivable attributed to the unconditional promises to give (see Note 4) for access to free rental space was included as designated net assets in the amount of \$555,638 and \$701,514 at September 30, 2024 and 2023, respectively.

The final board designation on net assets is to cover the amount of accrued benefits payable. The amount of accrued benefits will be recalculated each year to account for benefits earned and benefits used.

The total amount of designated net assets at September 30, 2024 and 2023 is \$1,328,174 and \$1,386,318, respectively.

Note 14: Deferred Revenue

As of September 30, 2024 and 2023, a few grantors had advanced grant awards to the Commission before the revenue was earned, therefore, creating deferred revenue. The amount of deferred revenue is \$430,859 and \$178,803, respectively.

Note 15: Risk Management

Significant losses are covered by commercial insurance for all major programs. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current or three prior years.

The Commission has not recorded an estimated liability for costs incurred in excess of insured coverage or torts, and other claims against the Commission. Based on historical experience, the Commission expects any such costs to be immaterial.

Note 16: Liquidity and Availability

The Commission manages its financial assets to provide sufficient liquidity for operations and to provide operating income through investments while safeguarding principal. The investment policy details the composition, objectives, and types of investments needed for the Commission's liquidity. The Commission invests in money market funds and mutual funds to enhance the Commission's liquidity (see Note 6).

**Allegany County Human Resources Development Commission, Inc.**  
**Notes to Financial Statements**  
**September 30, 2024**

Note 16: Liquidity and Availability (continued)

Cash and other financial assets available within one year at September 30, 2024 and 2023 are as follows:

	2024	2023
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,326,687	\$ 2,482,957
Accounts receivable	143,798	90,796
Grants receivable, net	1,885,674	1,502,938
Investments	909,428	778,736
Subtotal of financial assets at year end	4,265,587	4,855,427
Less amounts with limits on usage:		
Net assets with donor restrictions	-	(1,343)
Net assets with board designations	(1,328,174)	(1,386,318)
Total financial assets available for general use within one year	\$ 2,937,413	\$ 3,467,766

Note 17: Prior Period Adjustment

The Commission had \$836 of prepaid expenses and \$8,039 of cash that were classified incorrectly at September 30, 2023. Therefore, the Commission decreased the beginning net asset from \$9,245,346 to \$9,238,143. This amount is shown as Prepaid Expenses and Cash on the Statement of Financial Position.

Note 18: Evaluation of Subsequent Events

The Commission has evaluated, for possible financial statement disclosure, subsequent events through June 13, 2025, the date which the financial statements were available to be issued, and has determined there were no such events.

**ALLEGANY COUNTY HUMAN RESOURCES**

**DEVELOPMENT COMMISSION, INC.**

**SINGLE AUDIT**

**SEPTEMBER 30, 2024**

David W. Turnbull, CPA  
Richard J. Hoover, CPA  
Bernard B. Kahl, CPA



13179 Garrett Highway, Suite E  
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**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 of Directors  
Allegany County Human Resources  
Development Commission, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Allegany County Human Resources Development Commission, Inc. (the "Commission") (a nonprofit organization), which comprise the statement of financial position as of September 30, 2024, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 13, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Commission'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 the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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*.

## **Organization's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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 Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Tumbull Hoover & Kahl PA*

Oakland, Maryland  
June 13, 2025

David W. Turnbull, CPA  
Richard J. Hoover, CPA  
Bernard B. Kahl, CPA



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## **Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance**

To the Board of Directors  
Allegany County Human Resources  
Development Commission, Inc.

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

#### **Opinion on Each Major Federal Program**

We have audited Allegany County Human Resource Development Commission, Inc.'s (the "Commission") 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 the Commission's major federal programs for the year ended September 30, 2024. The Commission'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, the Commission 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 September 30, 2024.

#### **Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commission 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 the Commission'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

law, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Commission's federal programs.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objects 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 the Commission'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 the Commission'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 the Commission'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 the Commission'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 the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies

in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

*Tumbull Hoover & Karl PA*  
Oakland, Maryland  
June 13, 2025

**ALLEGANY COUNTY HUMAN RESOURCES DEVELOPMENT COMMISSION, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

<u>PROGRAM TITLE</u>	<u>FEDERAL ASSISTANCE LISTING</u>	<u>GRANT #</u>	<u>PASS THROUGH TO SUBRECIPIENTS</u>	<u>FEDERAL EXPENDITURES</u>
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>				
<b>PASS THROUGH MARYLAND DEPARTMENT OF AGING:</b>				
Food Distribution Cluster:				
Commodity Supplemental Food Program	10.565	6533	\$ -	\$ 25,194
Total Food Distribution Cluster			-	25,194
<b>PASS THROUGH MARYLAND DEPARTMENT OF EDUCATION:</b>				
Child and Adult Care Food	10.558	n/a	-	327,422
<b>TOTAL U.S. DEPARTMENT AGRICULTURE</b>			-	352,616
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</b>				
<b>DIRECT FLOW-THROUGH:</b>				
Continuum of Care McKinney-Veto	14.267	MD0005L3B142215	-	60,760
Comprehensive Housing Counseling Program	14.316	HC220321040	-	12,323
<b>PASS THROUGH MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT:</b>				
<b>CDBG - Entitlement Grants Cluster:</b>				
COVID-19 - Community Development Block Grants County	14.218	CV-1-1	-	36,271
COVID-19 - Community Development Block Grants County	14.218	CV-2-1	-	850
Total CDBG - Entitlement Grants Cluster			-	37,121
<b>Housing Voucher Cluster:</b>				
Section 8 Housing Choice Voucher Program	14.871	n/a	-	3,508,949
Section 8 Housing Family Unification Program	14.880	n/a	-	152,797
Total Housing Voucher Cluster			-	3,661,746
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			-	3,771,950
<b>U.S. DEPARTMENT OF TRANSPORTATION:</b>				
<b>DIRECT FLOW-THROUGH:</b>				
<b>Transit Services Programs Cluster:</b>				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	FY22/23-C5310	-	44,213
Total Transit Services Program Cluster			-	44,213
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			-	44,213
<b>U.S. DEPARTMENT OF THE TREASURY:</b>				
<b>PASS THROUGH CASH CAMPAIGN OF MARYLAND:</b>				
VITA Grant	21.009	n/a	-	35,773
<b>PASS THROUGH ALLEGANY COUNTY OF MARYLAND:</b>				
Homeowner Assistance Fund	21.026	HAF0042	-	5,459
<b>TOTAL U.S. DEPARTMENT OF THE TREASURY</b>			-	41,232
<b>U.S. DEPARTMENT OF ENERGY:</b>				
<b>PASS THROUGH MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT:</b>				
Weatherization Assistance for Low-Income Persons BIL	81.042	DE-EE 0009992	-	12,123
Weatherization Assistance for Low-Income Persons DOE	81.042	DE-EE 0009907	-	29,847
Subtotal Weatherization Assistance for Low-Income Persons			-	41,970
<b>TOTAL U.S. DEPARTMENT OF ENERGY</b>			-	41,970

ALLEGANY COUNTY HUMAN RESOURCES DEVELOPMENT COMMISSION, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

PROGRAM TITLE	FEDERAL ASSISTANCE LISTING	GRANT #	PASS THROUGH TO SUBRECIPIENTS	FEDERAL EXPENDITURES
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>				
<b>DIRECT FLOW-THROUGH:</b>				
Head Start Cluster:				
Head Start/Early Head Start	93.600	03CH011781-04-00	\$ -	\$ 4,173,315
Total Head Start Cluster			-	4,173,315
<b>PASS THROUGH MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT:</b>				
Special Programs for the Aging:				
Title VII, Chapter 2 Long Term Care Ombudsman				
Elder Abuse Prevention	93.041	2501MDOAEA	-	1,510
Ombudsman	93.042	2501MDOAOM	-	9,066
Title III, Part D Disease Prevention and Health				
Promotion Services	93.043	2501MDOAPH	-	2,741
COVID-19 - ARP Title III, Part D Disease Prevention and Health	93.043	2101MDPHC6-00	-	4,881
Subtotal Title III, Part D			-	7,622
Aging Cluster:				
Title III, Part B Grants for Supportive Services and Senior Centers				
COVID-19 - ARP Act IIIB Supportive Services SSC6	93.044	2501MDOASS	7,331	332,323
Title III, Part C Nutrition Services	93.045	2501MDOACM/HD	-	875,339
COVID-19 - ARP Title IIIC1: Congregate Meals	93.045	2101MDCMC6-00	-	56,255
COVID-19 - ARP Title IIIC2: Home Delivered Meals	93.045	2101MDHDC6-00	-	76,199
Title III, Nutrition Services Incentive Program	93.053	2501MDOANS	-	38,849
Total Aging Cluster			7,331	1,440,267
Senior Medicare Patrol	93.048	90MPPG0109-01-00	-	8,379
Title III, Part E NFCSP				
COVID-19 ARP Title III Part E Family Caregivers FCC6	93.052	2501MDOAFC	40,530	46,560
Subtotal Title III, Part E	93.052	2101MD FCC6-00	36,235	36,235
			76,765	82,795
Senior Health Insurance & Assistance	93.324	90SAPG0109-04	-	22,167
Medicare Improvement for Patients and Providers Act	93.071	2201MDMIDR-03	-	7,874
477 Cluster:				
Community Services Block Grant	93.569	n/a	-	326,980
Total 477 Cluster			-	326,980
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>84,096</b>	<b>6,079,975</b>
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:</b>				
<b>DIRECT FLOW-THROUGH:</b>				
Retired and Senior Volunteer Program	94.002	19SRAMD001/22SRBMD001	-	51,393
<b>TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>			<b>-</b>	<b>51,393</b>
<b>TOTAL FEDERAL AWARDS</b>			<b>\$ 84,096</b>	<b>\$ 10,383,349</b>

**ALLEGANY COUNTY HUMAN RESOURCES  
DEVELOPMENT COMMISSION, INC.  
NOTES TO SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS  
SEPTEMBER 30, 2024**

Note 1. Basis of Presentation

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

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Oversight Agency

The United States Department of Health and Human Services has been designated as the oversight audit agency for the Commission.

Note 4. Pass-Through to Subrecipients

The Commission provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
Allegany Law Foundation, Inc.	93.044	\$ 7,331
Allegany County Health Department	93.052	76,765
<b>Total Amount Provided</b>		<b>\$ 84,096</b>

Note 5. Indirect Cost Rate

The Commission has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**ALLEGANY COUNTY HUMAN RESOURCES  
DEVELOPMENT COMMISSION, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2024**

**A. SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditor report issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

Material weakness identified?   x   yes        no

Significant deficiencies identified?        yes   x   no none reported

Noncompliance material to financial statements noted?        yes   x   no

**Federal Awards**

Internal control over major programs:

Material weakness identified?        yes   x   no

Significant deficiencies identified?        yes   x   no none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)

       yes   x   no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
93.600	Head Start Cluster: Head Start/Early Head Start

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

       yes   x   no

**ALLEGANY COUNTY HUMAN RESOURCES  
DEVELOPMENT COMMISSION, INC.  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED SEPTEMBER 30, 2024**

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

**2024-001 Material Adjusting Journal Entries**

*Condition:* Material adjusting journal entries were discovered, proposed, and recorded during the course of the financial audit of the Organization. None of those adjustments affected federal programs.

*Criteria:* The Organization should have a completed trial balance prepared before the trial balance is provided to the auditors. A completed trial balance ensures management has the best information available to make informed decisions.

*Context:* During the course of the audit, material journal entries were necessary for adjusting accounts payable, accounts receivable – unconditional promise – building leases, and the accounts related to the capitalization of leases (ASC 842).

*Cause:* With respect to accounts payable, bank transfers were incorrectly included at year-end that already cleared the bank account during the fiscal year. Additionally, the Organization used several incorrect appraisal amounts and included FY 2024 rent in the calculation of accounts receivable – unconditional promise – building leases. Lease liability and right of use assets were also materially adjusted to match the Organization’s lease software due to the addition of new leases and the revision to the incremental borrowing rate for several leases.

*Effect:* Upon the commencement of the independent audit, the Organization’s original books of account were materially misstated.

*Auditors’ Recommendation:* The auditor recommends that management design additional controls over the preparation of the financial statements to prevent or detect material misstatements.

*Views of Responsible Officials and Planned Corrective Actions:* The Organization’s finance office will strengthen its review processes throughout the year regarding financial transactions and account balances. These review processes will include enhanced controls over both the preparation of the final books of account and related annual financial statements. The Organization has begun a “perpetual audit readiness” to help ensure more accurate financial reporting.

*Identification of a Repeat Finding:* This is a repeat finding from the immediate previous audit, 2023-001.

**ALLEGANY COUNTY HUMAN RESOURCES  
DEVELOPMENT COMMISSION, INC.  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED SEPTEMBER 30, 2024**

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD  
PROGRAMS AUDIT**

*None.*