

**CENTRAL KENTUCKY COMMUNITY
ACTION COUNCIL, INC.
AUDIT REPORT
JUNE 30, 2025**

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INDEPENDENT AUDITOR'S REPORT

December 8, 2025

Board of Directors
Central Kentucky Community Action Council, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Central Kentucky Community Action Council, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, 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 present fairly, in all material respects, the financial position of Central Kentucky Community Action Council, Inc as of June 30, 2025, 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 Central Kentucky Community Action Council, 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 these 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 aggregate, that raise substantial doubt about Central Kentucky Community Action Council, Inc's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards 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 Central Kentucky Community Action Council, 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 Central Kentucky Community Action Council, Inc's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2025 , on our consideration of Central Kentucky Community Action Council, 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 Central Kentucky Community Action Council, 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 Central Kentucky Community Action Council, Inc.'s internal control over financial reporting and compliance.

Sincerely,

White and Company, P.S.C.

Certified Public Accountants

Central Kentucky Community Action Council, Inc.
Statement of Financial Position
June 30, 2025

Assets

| | |
|--|--------------------------|
| Current Assets | |
| Cash- Restricted (Note B & L) | 3,997,357 |
| Grants Receivable (Note C) | 2,633,015 |
| Other Receivables | 311,398 |
| Other Current Assets | <u>61,075</u> |
| Total Current Assets | 7,002,845 |
| Land | 870,145 |
| Property and Equipment (Notes A-2 & D) | 21,774,585 |
| Construction in Progress (Note D) | 3,201,376 |
| Accumulated Depreciation | (6,764,636) |
| Right-of-Use Asset Net of Accumulated Amortization | <u>242,267</u> |
| Total Net Land, Property, and Equipment | <u>19,323,737</u> |
| Total Assets | <u><u>26,326,582</u></u> |

Liabilities and Net Assets

| | |
|--|--------------------------|
| Current Liabilities | |
| Accounts Payable | 1,483,479 |
| Accrued Salaries and Wages | 469,550 |
| Accrued Retirement | 86,003 |
| Current Portion of Financing Lease Obligation (Note I) | 33,519 |
| Construction Line of Credit Payable - Peoples Bank | 2,263,358 |
| Operating Leases Payable (Note J) | 92,817 |
| Other Liabilities | 200,374 |
| Refundable Advances (Note A-5) | <u>4,252,814</u> |
| Total Current Liabilities | 8,881,914 |
| Operating Lease Payable | 149,450 |
| Financing Lease Obligation (Note I) | <u>65,387</u> |
| Total Long-Term Liabilities | <u>214,837</u> |
| Total Liabilities | 9,096,751 |
| Net Assets | |
| Without Donor Restrictions | 3,661,172 |
| With Donor Restrictions | <u>13,568,659</u> |
| Total Net Assets | <u>17,229,831</u> |
| Total Liabilities and Net Assets | <u><u>26,326,582</u></u> |

- See independent auditor's report and accompanying notes to financial statements.

Central Kentucky Community Action Council, Inc.
Statement of Activities
For the Year Ended June 30, 2025

| | Without Donor Restrictions | With Donor Restrictions | Totals |
|--|----------------------------------|-------------------------------|------------|
| Revenues | | | |
| Grant & Contract Income (Note A-4) | 20,878,394 | 3,658,270 | 24,536,664 |
| Contributions | 118,940 | 0 | 118,940 |
| Client Fees | 264,363 | 0 | 264,363 |
| Miscellaneous Income | 243,251 | 0 | 243,251 |
| Interest Income | 695 | 0 | 695 |
| In-Kind Income (Notes A-6 & G) | 242,614 | 0 | 242,614 |
| | | | |
| Total Revenues, Gains, and Other Support | 21,748,257 | 3,658,270 | 25,406,527 |
| Expenses | | | |
| Program Services | | | |
| Kentucky Works / SNAP E&T | 710,049 | 5 | 710,054 |
| Head Start | 7,821,099 | 376,157 | 8,197,256 |
| CSBG | 761,732 | 17,117 | 778,849 |
| Transportation-5311 | 4,884,642 | 186,405 | 5,071,047 |
| LiHeap | 2,655,280 | 0 | 2,655,280 |
| Congregate Meals | 1,098,294 | 12,243 | 1,110,537 |
| Unaffiliated Centers | 1,109,797 | 552 | 1,110,349 |
| Transportation-5339 | 197,236 | 464,389 | 661,625 |
| Other Programs | 2,130,008 | 3,541 | 2,133,549 |
| | | | |
| Total Expenses by Program | 21,368,137 | 1,060,409 | 22,428,546 |
| | | | |
| Changes in Net Assets | 380,120 | 2,597,861 | 2,977,981 |
| | | | |
| Net Assets - Beginning of Year | 3,281,052 | 10,970,798 | 14,251,850 |
| | | | |
| Net Assets - End of Year | 3,661,172 | 13,568,659 | 17,229,831 |

- See independent auditor's report and accompanying notes to financial statements.

Central Kentucky Community Action Council, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2025

| | Kentucky Works / SNAP E&T | Head Start | CSBG | Transportation: Section 5311 | LiHeap | Congregate Meals | Unaffiliated Centers | Transportation: Section 5339 | Other Programs | Total |
|---|---------------------------------|------------|---------|------------------------------------|-----------|---------------------|-------------------------|------------------------------------|-------------------|-------------|
| Program Services: | | | | | | | | | | |
| Salaries | 366,530 | 4,303,401 | 328,983 | 2,270,764 | 137,385 | 311,838 | 39,902 | - | 584,553 | 8,343,356 |
| Fringe Benefits | 175,399 | 1,742,278 | 98,187 | 934,870 | 69,039 | 130,193 | 17,185 | - | 283,358 | 3,450,509 |
| Contracts & Consultants | 4,585 | 60,308 | 19,755 | 1,507 | - | 83,799 | 77 | - | 211,697 | 381,728 |
| Equipment Expense | 3,115 | 10,530 | 8,926 | 157,068 | - | 159,477 | - | 2,058,931 | 4,373 | 2,402,420 |
| Travel & Transportation Costs | 5,089 | 133,558 | 14,824 | 1,062,382 | 581 | 5,642 | 1,320 | 2,136 | 90,493 | 1,316,025 |
| Training Costs | 233 | 31,152 | 2,960 | 2,845 | - | 1,548 | 11 | - | 3,467 | 42,216 |
| Space Costs/Utilities | 81,616 | 499,807 | 79,444 | 125,936 | - | 37,112 | 3,202 | - | 49,153 | 876,270 |
| Consumable Supplies | 2,960 | 333,226 | 17,890 | 75,741 | 7,105 | 43,304 | 2,248 | 169,270 | 112,612 | 764,356 |
| Insurance | 940 | 132,535 | 1,856 | 1,721 | - | 1,571 | 120 | - | 44,092 | 182,835 |
| Facilities Acquisition, Construction, And Renovation | - | 458,000 | - | 598,000 | - | - | - | 52,950 | 119,412 | 1,228,362 |
| Program/Client Benefits | - | - | 98,392 | - | 2,413,868 | 293,926 | 1,039,082 | - | 399,410 | 4,244,678 |
| In-Kind Expenses | - | 21,909 | 43,563 | - | - | 132,215 | - | - | 44,927 | 242,614 |
| Other Expenses | 8,500 | 33,717 | 679 | 16,842 | - | 4,329 | - | - | 9,881 | 73,948 |
| Total Program Services | 648,967 | 7,760,421 | 715,459 | 5,247,676 | 2,627,978 | 1,204,954 | 1,103,147 | 2,283,287 | 1,957,428 | 23,549,317 |
| Management and General: Indirect Costs (Note P) | 61,082 | 717,157 | 50,418 | 378,420 | 27,302 | 51,968 | 6,650 | - | 97,414 | 1,390,411 |
| Total Expenses by Program | 710,049 | 8,477,578 | 765,877 | 5,626,096 | 2,655,280 | 1,256,922 | 1,109,797 | 2,283,287 | 2,054,842 | 24,939,728 |
| Less: Federal Fixed Asset Additions | - | (305,366) | (4,145) | (741,454) | - | (158,628) | - | (2,086,051) | (11,513) | (3,307,157) |
| Less: Federal Construction in Progress Additions | - | (351,113) | - | - | - | - | - | - | - | (351,113) |
| Add: Loss of Disposal of Assets | - | - | - | - | - | - | - | 19,792 | 83,315 | 103,107 |
| Add: Depreciation of assets purchased with federal funds | 5 | 376,157 | 17,117 | 186,405 | - | 12,243 | 552 | 444,597 | 6,905 | 1,043,981 |
| Total Expenses | 710,054 | 8,197,256 | 778,849 | 5,071,047 | 2,655,280 | 1,110,537 | 1,110,349 | 661,625 | 2,133,549 | 22,428,546 |

- See independent auditor's report and accompanying notes to financial statements.

Central Kentucky Community Action Council, Inc.
Statement of Functional Expenses - Other Programs
For the Year Ended June 30, 2025

| | FCCH | CCC | Senior Companion | Weatherization LiHeap | Weatherization | Miscellaneous | Total |
|---|-----------------------|-----------------------|-----------------------|--------------------------|-----------------------|-----------------------|-------------------------|
| Salaries | 14,245 | 135,219 | 47,494 | 96,226 | 146,216 | 145,153 | 584,553 |
| Fringe Benefits | 6,296 | 73,420 | 15,399 | 44,195 | 76,314 | 67,734 | 283,358 |
| Contracts & Consultants | 77 | 462 | 283 | 43,300 | 25,447 | 142,128 | 211,697 |
| Equipment Expense | 490 | 545 | - | - | 3,338 | - | 4,373 |
| Travel & Transportation Costs | 1,752 | 11,970 | 17,869 | 25,255 | 2,969 | 30,678 | 90,493 |
| Training Costs | 11 | 580 | 293 | 37 | 360 | 2,186 | 3,467 |
| Space Costs/Utilities | 3,304 | 7,312 | 2,569 | 2,267 | 11,393 | 22,308 | 49,153 |
| Consumable Supplies | 1,776 | 17,558 | 3,203 | 38,714 | 45,503 | 5,858 | 112,612 |
| Insurance | 120 | 231 | 935 | 49 | 3,621 | 39,136 | 44,092 |
| Facilities Acquisition, Construction, And Renovation | - | - | - | - | - | 119,412 | 119,412 |
| Program/Client Benefits | 179,395 | 10,577 | 128,873 | - | - | 80,565 | 399,410 |
| In-Kind Expenses | - | 446 | 20,698 | - | - | 23,783 | 44,927 |
| Other Expenses | - | 348 | 667 | - | 65 | 8,801 | 9,881 |
| Total Program Services | <u>207,466</u> | <u>258,668</u> | <u>238,283</u> | <u>250,043</u> | <u>315,226</u> | <u>687,742</u> | <u>1,957,428</u> |
| Management and General: Indirect Costs (Note P) | <u>2,374</u> | <u>22,534</u> | <u>8,131</u> | <u>16,036</u> | <u>24,367</u> | <u>23,972</u> | <u>97,414</u> |
| Total Expenses by Program | 209,840 | 281,202 | 246,414 | 266,079 | 339,593 | 711,714 | 2,054,842 |
| Less: Federal Fixed Asset Additions | - | - | - | - | - | (11,513) | (11,513) |
| Add: Loss of Disposal of Assets | - | - | - | - | - | 83,315 | 83,315 |
| Add: Depreciation of assets purchased with federal funds | <u>-</u> | <u>605</u> | <u>-</u> | <u>-</u> | <u>2,936</u> | <u>3,364</u> | <u>6,905</u> |
| Total Expenses | <u><u>209,840</u></u> | <u><u>281,807</u></u> | <u><u>246,414</u></u> | <u><u>266,079</u></u> | <u><u>342,529</u></u> | <u><u>786,880</u></u> | <u><u>2,133,549</u></u> |

- See independent auditor's report and accompanying notes to financial statements.

Central Kentucky Community Action Council, Inc.
Statement of Cash Flows
Year Ended June 30, 2025

| | |
|---|-------------------------|
| Operating Activities | |
| Changes in Net Assets | 2,977,981 |
| Add: Charges Not Requiring Funds | |
| Depreciation | 1,118,782 |
| Loss on Disposal of Assets | 103,107 |
| Changes in Operating Assets and Liabilities | |
| Increase in Grants Receivable | (747,506) |
| Increase in Other Receivables | (6,009) |
| Decrease in Other Current Assets | 15,883 |
| Increase in Accounts Payable | 791,787 |
| Decrease in Salaries and Wages Payable | (142,780) |
| Decrease in Accrued Retirement | (34,636) |
| Decrease in Other Liabilities | (3,890) |
| Decrease in Refundable Advances | <u>(2,271,108)</u> |
| Net Cash Provided by Operating Activities | 1,801,611 |
| Investing Activities | |
| Purchase of Assets | <u>(6,877,539)</u> |
| Net Cash Used in Investing Activities | (6,877,539) |
| Financing Activities | |
| Proceeds from Construction Line of Credit | 2,263,358 |
| Repayment of Debt and Financing Leases | <u>(32,088)</u> |
| Net Cash Used in Financing Activities | <u>2,231,270</u> |
| Increase in Cash | (2,844,658) |
| Cash - Beginning of Year | <u>6,842,015</u> |
| Cash - End of Year | <u><u>3,997,357</u></u> |
| Cash paid for interest | 24,816 * |
| Cash paid for income taxes | 0 |

* - Includes \$19,341 of interest from leases in conjunction with ASC 842

- See independent auditor's report and accompanying notes to financial statements.

Central Kentucky Community Action Council, Inc.

Notes to Financial Statements
Year Ended June 30, 2025

A. Summary of Significant Accounting Policies

1. Nature of Activities

Central Kentucky Community Action Council, Inc. is a nonprofit corporation organized to fight poverty in an eight-county area of Central Kentucky. It administers numerous grants from various federal, state, and local sources.

2. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Further, in 2014, the Agency adopted FASB Accounting Standards Codification (ASC) No. 958, *Recognition of Depreciation By Not-for-Profit Organizations*. Depreciable assets are recorded at cost and depreciated on a straight-line basis over their estimated useful lives, ranging from approximately five to thirty-nine years. See Note D for further detail regarding fixed assets.

3. Basis of Presentation

The Agency reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates those resources be maintained in perpetuity.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the board limits resulting from the nature of the Agency, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying net assets from net assets with donor restrictions to net assets without donor restrictions.

4. Revenue

Central Kentucky Community Action Council receives substantially all of its grant revenue from federal, state, and local agencies. Revenue restricted by the grantor for

particular purposes is deemed to be earned and reported as revenues when the Council has incurred expenses in compliance with the specific restrictions.

Any of the funding sources may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by Central Kentucky Community Action Council, Inc. with the terms of the grants.

5. Refundable Advances

The balance of refundable advances at June 30, 2025, represents amounts received under contracts that will be expended in the next fiscal year in accordance with the grant provisions.

6. In-Kind Income

The Agency received in-kind contributions in the form of labor, donated space, and equipment. Non-specialized labor hours are recorded at the prevailing minimum wage rate. Donated space is recorded at fair rental value and equipment at fair market value at date of the donation. In-kind contributions are recorded as revenues with the offsetting charge to in-kind expense. Donated services that are recognized meet the criteria for recognition under ASC 958-605.

7. Income Taxes

The Agency is a nonprofit corporation, incorporated under the laws of the State of Kentucky, and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Agency is also exempt from Kentucky income tax. The Agency has adopted ASC 740-10 as it relates to uncertain tax positions for the year ended June 30, 2025, and has evaluated its tax positions taken for all open tax years. Currently, the 2024, 2023, 2022, 2021, and, 2020 tax years are open and subject to examination by the Internal Revenue Service. However, the Agency is not currently under audit, nor has the Agency been contacted by Internal Revenue Service. Based on the evaluation of the Agency's tax positions, management believes all positions taken would be upheld under examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the year ended June 30, 2025.

8. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

9. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

10. Cash and Cash Equivalents

Cash and cash equivalents include all money in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Notes to Financial Statement (Continued)

11. Accounts Receivable

The Council considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made. The Council considers that amount to be immaterial.

12. Inventory

The only inventory reported in the Statement of Financial Position is office supply inventory, which is recorded at cost.

13. Advertising & Marketing

The Council uses advertising to promote employment opportunities as well as its programs to the audiences it serves. Advertising costs are expensed as they are incurred. During the year ended June 30, 2025, advertising and marketing costs were \$70,500.

B. Cash and Investments

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Council's deposits may not be returned to it. Deposits (cash and certificates of deposit) are carried at cost that approximates market value. The carrying amount of deposits is separately displayed on the balance sheet as "Cash." At June 30, 2025, the cash balances totaled \$3,997,357. Of that, \$500,000 was covered by Federal Depository Insurance and the remainder was fully collateralized.

Restricted cash is cash required to be used by a grantor or donor for a specific program or purpose.

C. Grants Receivable

Grants receivable are deemed to be fully collectible by management.

D. Property and Equipment

Property and equipment consist of the following at June 30, 2025:

| | Beginning Balance | Additions | Retirements | Ending Balance |
|---------------------------------------|----------------------|------------------|------------------|-------------------|
| Non-Depreciable Assets: | | | | |
| Land | 770,145 | 100,000 | - | 870,145 |
| Construction in Progress | 850,118 | 2,351,258 | - | 3,201,376 |
| Software Generation | 83,315 | - | (83,315) | - |
| Depreciable Assets: | | | | |
| Building & Building Improvements | 11,569,078 | 2,071,961 | | 13,641,039 |
| Vehicles | 5,528,205 | 2,038,295 | (328,659) | 7,237,841 |
| Furniture, Fixtures, & Equipment | 591,591 | 316,025 | (11,911) | 895,705 |
| TOTAL AT HISTORICAL COST | 19,392,452 | 6,877,539 | (423,885) | 25,846,106 |
| LESS ACCUMULATED DEPRECIATION FOR: | | | | |
| Building & Building Improvements | 1,334,434 | 347,481 | - | 1,681,915 |
| Vehicles | 4,327,020 | 63,785 | (308,867) | 4,081,938 |
| Furniture, Fixtures, & Equipment | 305,178 | 707,516 | (11,911) | 1,000,783 |
| TOTAL ACCUMULATED DEPRECIATION | 5,966,632 | 1,118,782 | (320,778) | 6,764,636 |
| CAPITAL NET | 13,425,820 | 5,758,757 | (103,107) | 19,081,470 |

Total depreciation expense for the year ended June 30, 2025 was \$1,118,782. Of this, \$1,043,981 is the depreciation expense for assets purchased with federal funding and \$74,801 is the depreciation expense for assets purchased with Council funds.

Included in fixed assets are assets purchased with restricted funds. If the Council does not continue to use the assets for their intended purpose, the asset or the proceeds from the sale of the assets may revert to the original grantor. Of the \$25,846,106 in asset costs, \$19,644,804 represents assets purchased with restricted funds.

E. Pension Plan

The Council contributes to a multiemployer defined benefit pension plan, the County Employees Retirement System (CERS), in conjunction with other nonprofit and governmental organizations. The Council does not directly manage this multiemployer plan, which is managed by a board of trustees. A majority of the Council's employees are participants in the multiemployer plan as of June 30, 2025, subject to eligibility requirements.

This plan is organized as a nonselecting noncontributory multiemployer retirement plan, and therefore the plan is not subject to certain reporting requirements of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The plan's certified zone status is not available since the plan is not subject to ERISA reporting requirements.

The risks of participating in a multiemployer plan are different from a single employer plan in the following aspects: (1) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers; (2) if a participating employer

Notes to Financial Statements (Continued)

stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; (3) if an employer chooses to stop participating in a multiemployer plan, the entity may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdraw liability. If a plan were to terminate, if participants voluntarily withdrew or there was a mass withdrawal, the Council may also be required to make additional payments to the plan for its proportionate share of the underfunded liabilities.

The following table presents information on the plans and the Organization's participation in the plans (in thousands):

| <u>Plan Employer</u> | | <u>Plan Funded Status as of</u> | | <u>Council</u> | | <u>Total Plan</u> | | <u>Council</u> |
|-----------------------------|---------------|---------------------------------|-------------------|---------------------------|-------------|---------------------------|-------------|----------------------|
| | | <u>June 30, 2024</u> | | <u>Contributions</u> | | <u>Contributions</u> | | <u>Contributions</u> |
| <u>Identification &</u> | | <u>Accumulated</u> | | <u>for the Year Ended</u> | | <u>for the Year Ended</u> | | <u>Greater Than</u> |
| <u>Plan Number</u> | <u>Assets</u> | <u>Benefit</u> | <u>Obligation</u> | <u>2025</u> | <u>2024</u> | <u>2024</u> | <u>2023</u> | <u>5% of Total?</u> |
| 61-6027948 | | | | | | | | |
| CERS | 9,211,735 | 15,776,491 | | 1,747 | 1,986 | 764,778 | 697,681 | No |

As noted in the table above, the Council did not make contributions greater than 5% of the total contributions to CERS.

The plans' accumulated benefit obligations are determined annually by the plans' actuary. Significant actuarial assumptions utilized for CERS include a discount rate of 6.50%, and expected rate of investment return of 6.50%, and an expected rate of salary increase of 3.3% - 10.30% on average, varying by service. Plan assets are invested in public equity, private equity, fixed income (including core bonds, specialty credit / high yield, and cash), and inflation protected (including real estate and real return) investments. The funds' investments are determined by the Board of Kentucky Retirement Systems according to Kentucky Revised Statute 61.650. Funded status information was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

F. Other Post-Employment Benefits

A portion of the contributions plan participants make to CERS are for other post-employment benefits, of which the primary benefit offered is health insurance. The following table presents information on the plans and the Organization's participation in the plans (in thousands):

| <u>Plan Employer</u> | | <u>Plan Funded Status as of</u> | | <u>Council</u> | | <u>Total Plan</u> | | <u>Council</u> |
|-----------------------------|---------------|---------------------------------|-------------------|---------------------------|-------------|---------------------------|-------------|----------------------|
| | | <u>June 30, 2024</u> | | <u>Contributions</u> | | <u>Contributions</u> | | <u>Contributions</u> |
| <u>Identification &</u> | | <u>Accumulated</u> | | <u>for the Year Ended</u> | | <u>for the Year Ended</u> | | <u>Greater Than</u> |
| <u>Plan Number</u> | <u>Assets</u> | <u>Benefit</u> | <u>Obligation</u> | <u>2025</u> | <u>2024</u> | <u>2024</u> | <u>2023</u> | <u>5% of Total?</u> |
| CERS Non- | | | | | | | | |
| hazardous | | | | | | | | |
| Insurance Fund | 3,549,422 | 2,901,345 | | 0 | 0 | 0 | 106,044 | No |

As noted in the table above, the Council did not make contributions greater than 5% of the total contributions to CERS.

Notes to Financial Statements (Continued)

The plans' accumulated benefit obligations are determined annually by the plans' actuary. Significant actuarial assumptions utilized for CERS include a discount rate of 5.99%, and expected rate of investment return of 6.50%, and an expected rate of salary increase of 3.30% - 10.30%, varying by service. Funded status information was measured as of June 30, 2024, and the total net other post-employment benefits liability used to calculate the net other post-employment benefit liability was determined by an actuarial valuation as of that date.

G. In-Kind Contributions

In-kind salaries of \$311,819 and fringes of \$109,137 have been removed from program services expenses since they do not meet the requirements of FASB ASC 958. The following schedule recaps:

| Program | In-Kind Services | In-Kind Salaries | In-Kind Fringes | In-Kind Services |
|------------------|-----------------------------|-----------------------------|----------------------------|-----------------------------|
| Congregate Meals | 211,141 | 58,464 | 20,462 | 132,215 |
| CSBG | 86,371 | 31,710 | 11,099 | 43,562 |
| SCP | 20,698 | 0 | 0 | 20,698 |
| Head Start | 321,130 | 221,645 | 77,576 | 21,909 |
| RSVP | 23,784 | 0 | 0 | 23,784 |
| CCC | 446 | 0 | 0 | 446 |
| Total | 663,570 | 311,819 | 109,137 | 242,614 |

Further, recognized in-kind of \$242,614 consists of the following: (1) supplies: \$21,041; (2) volunteer recognition including meals, supplies, and small awards: \$10,440; (3) food: \$48,938; (4) contract and consultants: \$695; (4) usage of space: \$161,500.

H. Contingent Liability - Unemployment Insurance Trust

The Agency is a member of the Kentucky Grantees Unemployment Insurance Trust. They do not contribute to the State's unemployment insurance fund. Earnings on CKCAC's balance are used to reimburse the State for its actual cost for unemployment insurance benefits paid to former employees. The Council's policy is to maintain the Trust's balance at 50% of the previous fourth quarter's wages. During the year ended June 30, 2025, the Agency contributed \$72,024 to the Trust. The Trust was fully funded as of June 30, 2025.

I. Financing Lease Activities

The Agency entered into an agreement with the Marion County Fiscal Court and KACO in order to fund the purchase of the land and building of their current main offices. The total lease agreement is for \$495,000 at 4.75% for twenty (20) years.

The following is an analysis of leased assets included in Property and Equipment:

| | |
|-------------------------------|------------------|
| Land | 37,500 |
| Building and improvements | <u>922,132</u> |
| | 959,632 |
| Less accumulated amortization | <u>(497,550)</u> |
| | <u>462,082</u> |

Amortization of assets held under capital leases is included with depreciation expense.

Notes to Financial Statements (Continued)

The following is a schedule of maturities of lease liabilities by year for the financing lease as of June 30, 2025:

Year ending June 30:

| | |
|---|----------------|
| 2026 | 37,556 |
| 2027 | 37,548 |
| 2028 | <u>31,284</u> |
| Total minimum lease payments | 106,388 |
| Less amount representing interest | <u>(7,482)</u> |
| Present value of minimum lease payments | <u>98,906</u> |

Cash paid for this lease during the year ended June 30, 2025 was \$37,562.

J. Operating Lease Activities

The Agency has operating leases of buildings for office space and storage facilities. Leases have remaining lease terms of 1 to 5 years. Leases with an initial term of 12 months or less are not recorded in the statement of financial position. Lease expense for these leases is recognized on a straight-line basis over the lease term. Operating lease assets as of June 30, 2025 totaled \$242,267. As most of these leases do not provide an implicit rate, the Agency used an approximate incremental borrowing rate of 6% in determining the present value of lease payments. The weighted average remaining lease term is just over 1 year.

The following is a schedule of maturities of lease liabilities by year for operating leases as of June 30, 2025:

Year ending June 30:

| | |
|---|-----------------|
| 2026 | 107,353 |
| 2027 | 79,357 |
| 2028 | 42,800 |
| 2029 | 21,200 |
| 2030 | <u>23,600</u> |
| Total minimum lease payments | 274,310 |
| Less amount representing interest | <u>(32,043)</u> |
| Present value of minimum lease payments | <u>242,267</u> |

Operating lease payments in the table above include approximately \$43,200 related to options to extend terms that are reasonably certain to be exercised.

Cash paid for leases included in this measurement for the year ended June 30, 2025 was \$205,674. These costs include certain lease payments with a term of less than 12 months for storage of goods and other space needs. Of these costs, \$1,763 was included in management and general expenses and \$203,911 was included in direct program costs as space costs.

K. Construction Line of Credit

During the year ended June 30, 2025, the Council entered into a construction line of credit for extensive renovations of a building the Agency purchased in a prior year located in Elizabethtown, Kentucky. The interest rate for the loan was 5.4% and the balance at June 30, 2025 was \$2,263,358. The full balance has been included in current liabilities as it is a line of credit. The total credit line available to the Council is \$3,100,000.

L. Subsequent Events

Management has reviewed subsequent events through December 8, 2025, which is the date the financial statements were available to be issued.

Subsequent to June 30, 2025, the Council completed its renovations of its Elizabethtown, Kentucky building and finalized its construction loan to more align with a typical mortgage. More specifically, the \$2,263,358 construction line of credit was refinanced after the project was completed in the fall of the fiscal year ending June 30, 2026.

Subsequent to June 30, 2025, the federal government experienced its longest shutdown in history. This shutdown added to a backlog within the Office of Head Start, and the Council did not have its Notice of Award (NOA) for Head Start for the program year beginning November 1, 2025. Thus, on October 31, 2025, the Agency signed a \$1,000,000 line of credit to continue operating its Head Start program. The shutdown ended and the Council received their Notice of Award on November 26, 2025.

There are no additional material subsequent events requiring disclosure.

M. Liquidity

The following reflects the Agency's financial assets as of the statement of financial position date. Because of the nature of the Agency and its operations, cash assets at June 30, 2025 were restricted by either donor-imposed restrictions or contractual obligations.

| | |
|---|--------------------|
| Amounts due to grantors (within one year) | 44,638 |
| Other due to amounts | 5,090 |
| Restricted by grant regulations | 3,947,629 |
| Total Cash – Restricted | <u>\$3,997,357</u> |

As part of the Agency's liquidity management, it places cash in excess of monthly requirements in on demand or savings accounts.

The cash restricted by grant regulations are restricted as to use. However, that restriction is typically only within program guidelines.

N. Functional Classification of Expenses

Expenses for the year ended June 30, 2025, were allocated as follows:

| | Program Services | Supporting Services: Management & General | Total |
|--|---------------------|--|------------|
| Salaries | 8,343,356 | 741,299 | 9,084,655 |
| Fringe Benefits | 3,450,509 | 357,482 | 3,807,991 |
| Contracts & Consultants | 381,728 | 95,398 | 477,126 |
| Travel & Transportation Costs | 1,316,025 | 19,226 | 1,335,251 |
| Training Costs | 42,216 | 21,788 | 64,004 |
| Space Costs / Utilities | 876,270 | 42,971 | 919,241 |
| Consumable Supplies | 694,451 | 57,323 | 751,774 |
| Equipment Expense | 42,417 | 17,040 | 59,457 |
| Insurance | 182,835 | 34,021 | 216,856 |
| Program / Client Benefits | 4,244,678 | - | 4,244,678 |
| In-Kind Expenses | 242,614 | - | 242,614 |
| Other Expenses | 73,948 | 3,863 | 77,811 |
| Total Expenses Before Federal | | | |
| Depreciation | 19,891,047 | 1,390,411 | 21,281,458 |
| Loss on Disposal of Assets | 103,107 | | 103,107 |
| Depreciation of assets purchased with federal funds | 1,043,981 | - | 1,043,981 |
| Total Expenses After Depreciation | 21,038,135 | 1,390,411 | 22,428,546 |

Central Kentucky Community Action Council, Inc.
Head Start Grant No. 04CH01126005
Statement of Revenues and Expenses
Year Ended June 30, 2025

| | Approved * Budget | Actual 11/01/23 to 06/30/24 | Actual 07/01/24 to 06/30/25 | Total |
|---|----------------------|-----------------------------------|-----------------------------------|-----------|
| <u>Revenues</u> | | | | |
| <u>OCD Funds</u> | | | | |
| Amount Awards This Budget Period | 9,080,516 | 5,374,962 | 3,704,760 | 9,079,722 |
| Other Income | 0 | 0 | 29,040 | 29,040 |
| Grantee's Contributions | 517,839 | 643,149 | 0 | 643,149 |
| Total Revenues | 9,598,355 | 6,018,111 | 3,733,800 | 9,751,911 |
| <u>Expenses</u> | | | | |
| <u>OCD's Share</u> | | | | |
| <u>Head Start Full-Year/Full-Day PA22</u> | | | | |
| Direct Costs | | | | |
| Salaries | 4,324,230 | 2,505,648 | 1,817,033 | 4,322,681 |
| Fringe Benefits | 1,918,405 | 1,181,654 | 707,477 | 1,889,131 |
| Contracts & Consultants | 91,230 | 63,776 | 7,073 | 70,849 |
| Travel & Transportation Costs | 151,500 | 77,562 | 43,829 | 121,391 |
| Training & Staff Development | 69,219 | 0 | 11,392 | 11,392 |
| Consumable Supplies | 96,710 | 61,687 | 153,639 | 215,326 |
| Equipment Expense | 15,000 | 3,829 | 35,940 | 39,769 |
| Land, Facility Construction, & Renovation | 1,148,250 | 797,328 | 372,613 | 1,169,941 |
| Other Expenses | 474,097 | 193,539 | 309,182 | 502,721 |
| Subtotal | 8,288,641 | 4,885,023 | 3,458,178 | 8,343,201 |
| Indirect Costs | 724,731 | 438,839 | 260,209 | 699,048 |
| Total PA22 Costs | 9,013,372 | 5,323,862 | 3,718,387 | 9,042,249 |
| <u>Child Development Association Grant PA20</u> | | | | |
| Direct Costs - Head Start | | | | |
| Travel & Transportation | 16,500 | 3,814 | 4,219 | 8,033 |
| Other Expenses | 39,395 | 44,424 | 5,938 | 50,362 |
| Direct Costs - Early Head Start | 2,500 | | | 0 |
| Travel & Transportation | 0 | 128 | 3,054 | 3,182 |
| Other Expenses | 8,749 | 2,734 | 2,202 | 4,936 |
| Subtotal | 67,144 | 51,100 | 15,413 | 66,513 |
| Indirect Costs | 0 | 0 | 0 | 0 |
| Total PA20 Costs | 67,144 | 51,100 | 15,413 | 66,513 |
| Total OCD Costs | 9,080,516 | 5,374,962 | 3,733,800 | 9,108,762 |
| Grantee's Share | 517,839 | 643,149 | 0 | 643,149 |
| Total Expenses | 9,598,355 | 6,018,111 | 3,733,800 | 9,751,911 |
| Revenue Over (Under) Expenses | 0 | 0 | 0 | 0 |

* Grant Period is November 1, 2023 through October 31, 2024.

Central Kentucky Community Action Council, Inc.
Head Start Grant No. 04CH01289201
Statement of Revenues and Expenses
Year Ended June 30, 2025

| | Approved * Budget | Actual 11/01/24 to 06/30/25 | COB Balance Current Year |
|---|----------------------|-----------------------------------|--------------------------------|
| <u>Revenues</u> | | | |
| <u>OCD Funds</u> | | | |
| Amount Awards This Budget Period | 7,932,266 | 4,591,358 | 3,340,908 |
| Program Income | 0 | 30 | (30) |
| STARS Incentive Income | 0 | 4,500 | (4,500) |
| Other Income | 0 | 125,981 | (125,981) |
| Grantee's Contributions | 1,983,067 | 321,130 | 1,661,937 |
| Total Revenues | 9,915,333 | 5,042,999 | 4,872,334 |
| <u>Expenses</u> | | | |
| <u>OCD's Share</u> | | | |
| <u>Head Start Full-Year/Full-Day PA22</u> | | | |
| Direct Costs | | | |
| Salaries | 4,662,718 | 2,486,368 | 2,176,350 |
| Fringe Benefits | 1,418,167 | 1,034,801 | 383,366 |
| Contracts & Consultants | 90,800 | 44,880 | 45,920 |
| Travel & Transportation Costs | 156,474 | 77,528 | 78,946 |
| Training & Staff Development | 113,606 | 2,227 | 111,379 |
| Consumable Supplies | 139,273 | 147,871 | (8,598) |
| Equipment & Playground Expense | 15,000 | 49,446 | (34,446) |
| Other Expenses | 499,298 | 393,556 | 105,742 |
| Subtotal | 7,095,336 | 4,236,677 | 2,858,659 |
| Indirect Costs | 780,271 | 456,948 | 323,323 |
| Total PA22 Costs | 7,875,607 | 4,693,625 | 3,181,982 |
| <u>Child Development Association Grant PA20</u> | | | |
| Direct Costs - Head Start | | | |
| Travel & Transportation | 16,500 | 3,800 | 12,700 |
| Other Expenses | 40,159 | 24,444 | 15,715 |
| Direct Costs - Early Head Start | | | |
| Travel & Transportation | 0 | 0 | 0 |
| Other Expenses | 0 | 0 | 0 |
| Subtotal | 56,659 | 28,244 | 28,415 |
| Indirect Costs | 0 | 0 | 0 |
| Total PA20 Costs | 56,659 | 28,244 | 28,415 |
| Total OCD Costs | 7,932,266 | 4,721,869 | 3,210,397 |
| Grantee's Share | 1,983,067 | 321,130 | 1,661,937 |
| Total Expenses | 9,915,333 | 5,042,999 | 4,872,334 |
| Revenue Over (Under) Expenses | 0 | (0) | 0 |

* Grant Period is November 1, 2024 through October 31, 2025.

Central Kentucky Community Action Council, Inc.
Reconciliation of SF 269 and SF 272 to Audit Report

Grant Number 04CH01126005

| | | |
|--|------------------|-------------------|
| Federal Expenditures Per Final SF 269 and SF 272 | | 9,080,516 |
| Federal Expenditures Per Audited Financials | | |
| 11/01/23 through 06/30/24 | 5,374,962 | |
| 07/01/24 through 10/31/2024 | <u>3,704,760</u> | |
| Total Expenditures Per Audited Financials | | <u>9,079,722</u> |
| Difference (Not Expended) | | <u><u>794</u></u> |

Grant Number 04CH01289201

| | | |
|--|-----------|-------------------------|
| Federal Expenditures Per Approved Budget | | 7,932,266 |
| Federal Expenditures Per Audited Financials | | |
| 11/01/24 through 06/30/25 | 4,591,358 | |
| 7/01/25 through 10/31/25 (Post Audit Period) | <u>0</u> | |
| Total Expenditures Per Audited Financials | | <u>4,591,358</u> |
| Difference to be Expended Subsequent to Audit Year Ending 06/30/25 | | <u><u>3,340,908</u></u> |

Central Kentucky Community Action Council, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

| | Federal CFDA Number | Contract Number | Expenditures | Amounts Provided to Subrecipients |
|--|---------------------------|--------------------------------|--------------|---|
| <u>U.S. Department of Health and Human Services</u> | | | | |
| Direct Program: | | | | |
| Head Start | 93.600 | 04CH01126005 | 3,704,760 | 0 |
| Head Start | 93.600 | 04CH01289201 | 4,591,358 | 0 |
| Total Head Start | | | 8,296,118 | 0 |
| Passed through Corporation for National Community Service | | | | |
| Retired & Senior Volunteer Program | 94.002 | 22SRCKY001 | 71,489 | 0 |
| Senior Companion Grant | 94.016 | 24SCCKY003 | 221,773 | 0 |
| Total Corporation for National Community Service | | | 293,262 | 0 |
| Passed through Kentucky Cabinet for Health and Family Services | | | | |
| COVID-19 - Child Care Development Block Grant - ARPA | 93.575 | Central KY CAC - Head Start | 172,792 | 0 |
| Community Services Block Grant | 93.569 | PON2 736 2400002089 | 621,002 | 0 |
| Kentucky Works / TANF | 93.558 | PON2 736 2400001873 | 595,116 | 0 |
| Community Collaboration for Children - Intensive Inhome | 93.590 | PON2 736 2400002801 (ZFAT) | 104,461 | 0 |
| COVID-19 Community Collaboration for Children - Intensive Inhome - ARPA | 93.590 | PON2 736 2400002801 (ZFPT) | 100,007 | 0 |
| Community Collaboration for Children - Promoting Safe & Stable Families | 93.556 | PON2 736 2400002801 (ZFAL) | 68,978 | 0 |
| Total Kentucky Cabinet for Health and Family Services | | | 1,662,356 | 0 |
| Passed through Lincoln Trail Area Development District | | | | |
| Special Programs for the Aging - Title IIIB | 93.044 | LTADD #5 | 135,661 | 0 |
| Congregate Meals III C-1 | 93.045 | LTADD #5 | 1,074,350 | 0 |
| USDA AKA NSIP | 93.053 | LTADD #5 | 89,298 | 0 |
| Total Aging Cluster Passed through Lincoln Trail Area Development District | | | 1,299,309 | 0 |
| Passed through Community Action Kentucky | | | | |
| Low-Income Home Energy Assistance | 93.568 | 736 2400001811 LIHEAP-005 | 2,655,280 | 0 |
| Passed through Kentucky Housing Corporation | | | | |
| Weatherization - LiHeap | 93.568 | LH25-0602-02 LHWX-005 | 245,266 | 0 |
| Total U.S. Department of Health and Human Services | | | 14,451,591 | 0 |
| <u>U.S. Department of Agriculture</u> | | | | |
| Passed through Kentucky Department of Education: | | | | |
| Child and Adult Care Food Program - Unaffiliated Centers | 10.558 | #11581 | 349,459 | 0 |
| Child and Adult Care Food Program - Unaffiliated Centers | 10.558 | #11581 | 777,906 | 0 |
| Child and Adult Care Food Program - Family Child Care Homes | 10.558 | #11030 | 63,534 | 0 |
| Child and Adult Care Food Program - Family Child Care Homes | 10.558 | #11030 | 149,265 | 0 |
| Child and Adult Care Food Program - Head Start | 10.558 | #11400 | 340,429 | 0 |
| Total Child and Adult Care Food | | | 1,680,593 | 0 |
| Passed through Kentucky Cabinet for Health and Family Services | | | | |
| Kentucky Works / SNAP E&T | 10.561 | PON2 736 2400001873 | 103,315 | 0 |
| Total U.S. Department of Agriculture | | | 1,783,908 | 0 |
| <u>U.S. Department of Transportation</u> | | | | |
| Passed through Kentucky Department of Transportation: | | | | |
| Section 5311 - Public Transportation | 20.509 | KY-2021-033-03 | 221,968 | 0 |
| Section 5311(f) - Public Transportation - Capital | 20.509 | KY-2021-033-03 | 114,046 | 0 |
| DOT RTAP | 20.509 | KY-2021-033-03 | 12,394 | 0 |
| Total Section 5311 / Formula Grants for Rural Areas Total | | | 348,408 | 0 |
| Section 5339 - Capital Equipment | 20.526 | KY-2018-021-02; KY-2018-021-03 | 34,969 | 0 |
| Section 5339 - Capital Equipment | 20.526 | KY-2021-032-00 | 400,511 | 0 |
| Section 5339b - Capital Equipment | 20.526 | KY-2017-003-03 | 99,432 | 0 |
| Section 5339b - Capital Equipment | 20.526 | KY-2023-013-00 | 612,144 | 0 |
| Section 5339 - Capital Equipment | 20.526 | KY-2023-013-00 | 179,312 | 0 |
| Section 5339 - Capital Equipment | 20.526 | KY-2021-032-01 | 194,146 | 0 |
| Section 5339 - Capital Equipment | 20.526 | KY-2021-032-01 | 41,950 | 0 |
| Section 5339b - Capital Equipment | 20.526 | KY-2023-013-00 | 52,950 | 0 |
| Total Section 5339 - Capital Equipment | | | 1,615,414 | 0 |
| Total Kentucky Department of Transportation | | | 1,963,822 | 0 |
| <u>U.S. Department of Energy</u> | | | | |
| Passed through Kentucky Housing Corporation | | | | |
| Weatherization | 81.042 | BIL25-0602-02 | 23,590 | 0 |
| Weatherization | 81.042 | WX25-0602-02 DOEWX-005 | 316,003 | 0 |
| | | | 339,593 | 0 |
| <u>Other Passed through Funds</u> | | | | |
| Emergency Food & Shelter | 97.024 | Various # Phase 40 | 166 | 0 |
| Emergency Food & Shelter | 97.024 | Various # Phase 41 | 80,396 | 0 |
| Total Emergency Food & Shelter | | | 80,562 | 0 |
| Total Federal Financial Assistance | | | 18,619,476 | 0 |

Central Kentucky Community Action Council, Inc.

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Central Kentucky Community Action Council, Inc. under programs of the federal government for the year ended June 30, 2025. 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 Central Kentucky Community Action Council, Inc., it is not intended to and does not present the financial position, change in net assets, or cash flows of Central Kentucky Community Action Council, Inc.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A0122, Cost Principles for Non-profit Organization, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – FEDERAL NON-CASH ASSISTANCE

Central Kentucky Community Action Council, Inc. received no federal non-cash assistance for the year ended June 30, 2025.

NOTE D – DE MINIMIS INDIRECT COST RATE

Central Kentucky Community Action Council, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Central Kentucky Community Action Council, Inc.
LiHeap Program
Delegate Agreement Number 5
Contract Number 736 2400001811 LIHEAP-005

Statement of Financial Position
June 30, 2025

Assets

| | |
|---------------------|-----------------|
| Current Assets | |
| Cash | 0 |
| Accounts Receivable | <u>0</u> |
| Total Assets | <u><u>0</u></u> |

Liabilities and Net Assets

| | |
|----------------------------------|-----------------|
| Current Liabilities | |
| Due to CAK | <u>0</u> |
| Net Assets - Unrestricted | <u>0</u> |
| Total Liabilities and Net Assets | <u><u>0</u></u> |

Central Kentucky Community Action Council, Inc.
LiHeap Program
Delegate Agreement Number 5
Contract Number 736 2400001811 LIHEAP-005

Statement of Program Expenditures
Year Ended June 30, 2025

| <u>Cost Category</u> | <u>LiHeap Expenses</u> |
|--|----------------------------|
| Administrative | |
| Salaries | 137,386 |
| Fringe Benefits | 69,039 |
| Travel | 581 |
| Postage | 379 |
| Supplies | 5,962 |
| Miscellaneous | 763 |
| Indirect Costs | <u>27,302</u> |
| Total Administrative | 241,412 |
| Benefits: LiHeap | |
| Subsidy - Fall | 452,066 |
| Subsidy - Summer Cooling | 554,757 |
| Spring Subsidy | 394,850 |
| Winter Crisis | <u>1,012,195</u> |
| Total Benefits | <u>2,413,868</u> |
| Total Expenses | 2,655,280 |
| Less: Questioned Costs | 0 |
| Less: In-Kind Contributions | <u>0</u> |
| Total Allowable Expenses | 2,655,280 |
| Less: Contract Payments Received As of June 30, 2025 | <u>(2,655,280)</u> |
| Under/(Over) Payment Due to Agency (CAK) | <u><u>-</u></u> |

Central Kentucky Community Action Council, Inc.
LiHeap Program
Delegate Agreement Number 5
Contract Number 736 2400001811 LIHEAP-005

Statement of Questioned Costs
Year Ended June 30, 2025

| <u>Cost Category</u> | <u>Actual</u> | <u>Questioned Cost</u> | <u>Balance</u> |
|--------------------------|-------------------------|----------------------------|-------------------------|
| Administrative | | | |
| Salaries | 137,386 | 0 | 137,386 |
| Fringe Benefits | 69,039 | 0 | 69,039 |
| Travel | 581 | 0 | 581 |
| Postage | 379 | 0 | 379 |
| Office Supplies | 5,962 | 0 | 5,962 |
| Miscellaneous | 763 | 0 | 763 |
| Indirect Costs | 27,302 | 0 | 27,302 |
| Total Administrative | <u>241,412</u> | <u>0</u> | <u>241,412</u> |
| Benefit Cost | | | |
| Subsidy - Fall | 452,066 | 0 | 452,066 |
| Subsidy - Summer Cooling | 554,757 | 0 | 554,757 |
| Spring Subsidy | 394,850 | 0 | 394,850 |
| Winter Crisis | 1,012,195 | 0 | 1,012,195 |
| Total Benefits | <u>2,413,868</u> | <u>0</u> | <u>2,413,868</u> |
| Total | <u><u>2,655,280</u></u> | <u><u>0</u></u> | <u><u>2,655,280</u></u> |

Central Kentucky Community Action Council, Inc.
 LiHeap Program
 Delegate Agreement Number 5
 Contract Number 736 2400001811 LIHEAP-005

Statement of Budget and Actual Expenses
 Year Ended June 30, 2025

| <u>Cost Category</u> | <u>Budget</u> | <u>Actual</u> | <u>(Over) Under Budget</u> |
|--------------------------|------------------|------------------|--------------------------------|
| Administrative | | | |
| Liheap | 241,412 | 241,412 | 0 |
| Benefit Cost | | | |
| Subsidy - Fall | 452,066 | 452,066 | 0 |
| Subsidy - Summer Cooling | 554,757 | 554,757 | 0 |
| Spring Subsidy | 394,850 | 394,850 | 0 |
| Winter Crisis | 1,012,196 | 1,012,195 | 1 |
| Total | <u>2,655,281</u> | <u>2,655,280</u> | <u>1</u> |

Central Kentucky Community Action Council, Inc.
Community Services Block Grant
Contract Number PON2 736 2400002089

Statement of Financial Participation
Year Ended June 30, 2025

| | <u>CSBG</u> | <u>CSBG Scholarship</u> | <u>Total</u> |
|--|------------------------|-----------------------------|------------------------|
| <u>Obligated Fund</u> | | | |
| CSBG Financial | | | |
| Participation at 80% & 100% & 100% | 617,002 | 4,000 | 621,002 |
| Total Financial Participation | 617,002 | 4,000 | 621,002 |
| Less: Contract Payments Received | (617,002) | (4,000) | (621,002) |
| Less: Receivable Due from State | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Obligated Funds | <u><u>0</u></u> | <u><u>0</u></u> | <u><u>0</u></u> |
| <u>Overpayment</u> | | | |
| Total Allowable Expenses | 617,002 | 4,000 | 621,002 |
| Less: Contract Payments Received | <u>(617,002)</u> | <u>(4,000)</u> | <u>(621,002)</u> |
| Less: Receivable Due from State | <u><u>0</u></u> | <u><u>0</u></u> | <u><u>0</u></u> |
| <u>CSBG Local Match Requirement</u> | | | |
| CSBG Allowable Expenses | 617,002 | | 617,002 |
| Funding Level Restated at 100% (\$615,002 Multiplied by 120%) | <u>740,402</u> | <u>0</u> | <u>740,402</u> |
| Local Match Required at 20% | 123,400 | 0 | 123,400 |
| Less: Local Match Provided | <u>(187,683)</u> | <u>0</u> | <u>(187,683)</u> |
| Excess Local Match | <u><u>(64,283)</u></u> | <u><u>0</u></u> | <u><u>(64,283)</u></u> |

Central Kentucky Community Action Council, Inc.
Community Services Block Grant
Contract Number PON2 736 2400002089

Statement of Allowable Expenses
Year Ended June 30, 2025

| | <u>CSBG</u> | <u>CSBG Scholarship</u> | <u>Total</u> |
|--|------------------|-----------------------------|------------------|
| <u>Expenses</u> | | | |
| Personnel | 427,171 | 0 | 427,171 |
| Travel | 6,577 | 0 | 6,577 |
| Equipment | 8,926 | 0 | 8,926 |
| Supplies | 21,270 | 0 | 21,270 |
| Contracts | 19,755 | 0 | 19,755 |
| Space Costs | 79,443 | 0 | 79,443 |
| Transportation | 8,202 | 0 | 8,202 |
| In-Kind Expenses | 86,371 | 0 | 86,371 |
| Indirect - Administrative | 50,418 | 0 | 50,418 |
| Other Expenses | <u>96,552</u> | <u>4,000</u> | <u>100,552</u> |
| Total Expenses | 804,685 | 4,000 | 808,685 |
| Less: Questioned Costs | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Expenses Adjusted | 804,685 | 4,000 | 808,685 |
| Less: In-Kind & Cash Contributions | <u>(187,683)</u> | <u>0</u> | <u>(187,683)</u> |
| Total Allowable Expenses | 617,002 | 4,000 | 621,002 |
| Less: Contract Payments Received | <u>(617,002)</u> | <u>(4,000)</u> | <u>(621,002)</u> |
| Under/(Over) Payment Due the Agency/CFC | <u><u>0</u></u> | <u><u>0</u></u> | <u><u>0</u></u> |

Central Kentucky Community Action Council, Inc.
Community Services Block Grant
Contract Number PON2 736 2400002089

Statement of Obligated Fund Balance
Year Ended June 30, 2025

| | <u>CSBG</u> | <u>CSBG Scholarship</u> | <u>Total</u> |
|--|-----------------------|-----------------------------|-----------------------|
| Beginning Obligated Fund Balance as of July 1, 2024 | 245,855 | 0 | 245,855 |
| Less: Carryover Applied | <u>0</u> | <u>0</u> | <u>0</u> |
| | 245,855 | 0 | 245,855 |
| Total Financial Participation | 804,685 | 4,000 | 808,685 |
| Less: Total Allowable Expenses | <u>(804,685)</u> | <u>(4,000)</u> | <u>(808,685)</u> |
| Ending Obligated Fund Balance as of June 30, 2025 | <u><u>245,855</u></u> | <u><u>0</u></u> | <u><u>245,855</u></u> |

Central Kentucky Community Action Council, Inc.
Community Services Block Grant
Contract Number PON2 736 2400002089

Statement of Questioned Costs
Year Ended June 30, 2025

| <u>Expenses</u> | <u>Total Actual</u> | <u>Questioned Costs</u> | <u>Balance</u> |
|---------------------------|-------------------------|-----------------------------|----------------|
| Personnel | 427,171 | 0 | 427,171 |
| Travel | 6,577 | 0 | 6,577 |
| Equipment | 8,926 | 0 | 8,926 |
| Supplies | 21,270 | 0 | 21,270 |
| Contracts | 19,755 | 0 | 19,755 |
| Space Costs | 79,443 | 0 | 79,443 |
| Transportation | 8,202 | 0 | 8,202 |
| In-Kind Expenses | 86,371 | 0 | 86,371 |
| Indirect - Administrative | 50,418 | 0 | 50,418 |
| Other Expenses | 100,552 | 0 | 100,552 |
| Total CSBG Expenses | <u>808,685</u> | <u>0</u> | <u>808,685</u> |

Central Kentucky Community Action Council, Inc.
Community Services Block Grant
Contract Number PON2 736 2400002089

Statement of Budget and Actual Expenses
Year Ended June 30, 2025

| <u>Cost Category</u> | <u>Budget</u> | <u>Actual</u> | <u>Under(Over) Budget</u> |
|---------------------------------|-----------------------|-----------------------|-------------------------------|
| <u>CSBG Category</u> | | | |
| Personnel | 407,069 | 427,171 | (20,102) |
| Travel | 9,800 | 6,577 | 3,223 |
| Equipment | 9,100 | 8,926 | 174 |
| Supplies | 24,500 | 21,270 | 3,230 |
| Contracts | 19,301 | 19,755 | (454) |
| Space Costs | 80,819 | 79,443 | 1,376 |
| Transportation | 7,500 | 8,202 | (702) |
| In-Kind Expenses | 0 | 86,371 | (86,371) |
| Indirect - Administrative | 47,877 | 50,418 | (2,541) |
| Other Expenses | 20,095 | 96,552 | (76,457) |
| Total CSBG Expenses | <u>626,061</u> | <u>804,685</u> | <u>(178,624)</u> |
| <u>CSBG Scholarship Program</u> | | | |
| Scholarship | <u>5,203</u> | <u>4,000</u> | <u>1,203</u> |
| Total for All Programs | <u><u>631,264</u></u> | <u><u>808,685</u></u> | <u><u>(177,421)</u></u> |

Central Kentucky Community Action Council, Inc.
Weatherization Assistance Program
Contract Number WX 25-0602-02 DOEWX-005

Statement of Financial Position
June 30, 2025

Assets

| | |
|---------------------|-----------------|
| Cash (Overdraft) | 0 |
| Contract Receivable | 0 |
| Material Inventory | <u>0</u> |
| Total Assets | <u><u>0</u></u> |

Liabilities and Net Assets

| | |
|----------------------------------|-----------------|
| Liabilities | |
| Due to Grantor Agency | <u>0</u> |
| Total Liabilities | 0 |
| Net Assets | <u>0</u> |
| Total Liabilities and Net Assets | <u><u>0</u></u> |

Central Kentucky Community Action Council, Inc.
Weatherization Assistance Program
Contract Number WX 25-0602-02 DOEWX-005
DOE 7/01/24-06/30/25
Statement of Program Expenses
Year Ended June 30, 2025

| <u>Expenses</u> | <u>7/01/24 to 6/30/2025</u> |
|---|---------------------------------|
| Administration | 37,280 |
| Program Operations | 242,628 |
| WX Ready | 3,850 |
| Liability | 3,621 |
| Training | 5,788 |
| Health & Safety Labor | 18,923 |
| Audit | <u>3,913</u> |
| Total Expenses | 316,003 |
| Questioned Costs | <u>0</u> |
| Total Allowable Expenses | 316,003 |
| Less: Contract Payments Received | <u>(316,003)</u> |
| Under/(Over) Payment Due the Agency/(CHR) | <u><u>316,003</u></u> |

Central Kentucky Community Action Council, Inc.
Weatherization Assistance Program
Contract Number WX 25-0602-02 DOEWX-005
DOE 7/01/24-06/30/25
Statement of Questioned Costs
Year Ended June 30, 2025

| <u>Cost Category</u> | 7/01/24 to 6/30/2025 Actual | 7/01/24 to 6/30/2025 Questioned Costs | Balance |
|-----------------------|---------------------------------------|--|----------------|
| Administration | 37,280 | 0 | 37,280 |
| Program Operations | 242,628 | 0 | 242,628 |
| WX Ready | 3,850 | 0 | 3,850 |
| Liability | 3,621 | 0 | 3,621 |
| Training | 5,788 | 0 | 5,788 |
| Health & Safety Labor | 18,923 | 0 | 18,923 |
| Audit | 3,913 | 0 | 3,913 |
| Total | <u>316,003</u> | <u>0</u> | <u>316,003</u> |

Explanation of Questioned Costs

None

Central Kentucky Community Action Council, Inc.
Weatherization Assistance Program
Contract Number WX 25-0602-02 DOEWX-005
DOE 7/01/24-06/30/25
Statement of Budget and Actual Expenses
Year Ended June 30, 2025

| <u>Cost Category</u> | <u>7/01/24 to 6/30/2025 Budget</u> | <u>7/01/24 to 6/30/2025 Actual</u> | <u>(Over) Under Budget</u> |
|----------------------|--|--|--------------------------------|
| Administration | 45,017 | 37,280 | 7,737 |
| Program Operations | 283,446 | 242,628 * | 40,818 |
| WX Ready | 64,587 | 3,850 | 60,737 |
| Liability | 5,888 | 3,621 | 2,267 |
| Training | 43,508 | 5,788 | 37,720 |
| Health & Safety | 42,517 | 18,923 | 23,594 |
| Audit | 3,913 | 3,913 | 0 |
| Total | <u>488,876</u> | <u>316,003</u> | <u>172,873</u> |

* Does not include \$6,488 of inventory at June 30, 2025.

| | |
|---------------------------|-----------------|
| Inventory 6/30/24 | 6,488 |
| Plus: Materials Purchased | 33,495 |
| Less: Materials Installed | <u>(33,495)</u> |
| Inventory 06/30/25 | <u>6,488</u> |

Central Kentucky Community Action Council, Inc.
Weatherization LiHeap Assistance Program
Contract Number LH25-0602-02 LHWX-005

Statement of Financial Position
June 30, 2025

Assets

| | |
|---------------------|-----------------|
| Cash (Overdraft) | 0 |
| Contract Receivable | 0 |
| Material Inventory | <u>0</u> |
| Total Assets | <u><u>0</u></u> |

Liabilities and Net Assets

Liabilities

| | |
|----------------------------------|-----------------|
| Due to Grantor Agency | <u>0</u> |
| Total Liabilities | 0 |
| Net Assets | <u>0</u> |
| Total Liabilities and Net Assets | <u><u>0</u></u> |

Central Kentucky Community Action Council, Inc.
Weatherization LiHeap Assistance Program
Contract Number LH25-0602-02 LHWX-005
07/01/24-06/30/25
Statement of Program Expenses
Year Ended June 30, 2025

| <u>Expenses</u> | <u>7/1/24 to 6/30/25</u> |
|---|------------------------------|
| Administration | 16,035 |
| Program Operations | 225,630 |
| Liability | 49 |
| Training | 0 |
| Health & Safety | <u>24,365</u> |
| Total Expenses | 266,079 |
| Questioned Costs | <u>0</u> |
| Total Allowable Expenses | 266,079 |
| Less: Contract Payments Received | (245,266) |
| Less: Costs Paid by Council (non-federal) | <u>(20,813)</u> |
| Total | (266,079) |
| Under/(Over) Payment Due the Agency | <u><u>0</u></u> |

Central Kentucky Community Action Council, Inc.
Weatherization LiHeap Assistance Program
Contract Number LH25-0602-02 LHWX-005
7/01/24 - 6/30/25
Statement of Questioned Costs
Year Ended June 30, 2025

| <u>Cost Category</u> | 7/01/24 to 6/30/2025 <u>Actual</u> | 7/01/24 to 6/30/2025 Questioned <u>Costs</u> | <u>Balance</u> |
|-----------------------|--|---|----------------|
| Administration | 16,035 | 0 | 16,035 |
| Program Operations | 225,630 | 0 | 225,630 |
| Liability | 49 | 0 | 49 |
| Health & Safety Labor | 24,365 | 0 | 24,365 |
| Audit | <u>0</u> | <u>0</u> | <u>0</u> |
| Total | <u>266,079</u> | <u>0</u> | <u>266,079</u> |

Explanation of Questioned Costs

None

Central Kentucky Community Action Council, Inc.
Weatherization LiHeap Assistance Program
Contract Number LH25-0602-02 LHWX-005
7/01/24 - 6/30/25
Statement of Budget and Actual Expenses
Year Ended June 30, 2025

| <u>Cost Category</u> | <u>7/01/24 to 6/30/2025 Budget</u> | <u>7/01/24 to 6/30/2025 Actual</u> | <u>(Over) Under Budget</u> |
|----------------------|--|--|--------------------------------|
| Administration | 16,871 | 16,035 | 836 |
| Program Operations | 262,157 | 225,630 * | 36,527 |
| Liability Insurance | 1,739 | 49 | 1,690 |
| Training | 0 | 0 | 0 |
| Health & Safety | 39,324 | 24,365 | 14,959 |
| WX Ready | 0 | 0 | 0 |
| Audit | 0 | 0 | 0 |
| Total | <u>320,091</u> | <u>266,079</u> | <u>54,012</u> |

* Does not include \$5,680 of inventory at June 30, 2025.

| | |
|---------------------------|-----------------|
| Inventory 6/30/24 | 5,680 |
| Plus: Materials Purchased | 38,715 |
| Less: Materials Installed | <u>(38,715)</u> |
| Inventory 06/30/25 | <u>5,680</u> |

Central Kentucky Community Action Council, Inc.
Weatherization Assistance Program
Contract Number BIL25-0602-02

Statement of Financial Position
June 30, 2025

Assets

| | |
|---------------------|-----------------|
| Cash (Overdraft) | 0 |
| Contract Receivable | 0 |
| Material Inventory | <u>0</u> |
| Total Assets | <u><u>0</u></u> |

Liabilities and Net Assets

| | |
|----------------------------------|-----------------|
| Liabilities | |
| Due to Grantor Agency | <u>0</u> |
| Total Liabilities | 0 |
| Net Assets | <u>0</u> |
| Total Liabilities and Net Assets | <u><u>0</u></u> |

Central Kentucky Community Action Council, Inc.
Weatherization Assistance Program
Contract Number BIL25-0602-02
DOE 7/01/24-06/30/25
Statement of Program Expenses
Year Ended June 30, 2025

| <u>Expenses</u> | <u>7/01/24 to 6/30/2025</u> |
|---|---------------------------------|
| Administration | 0 |
| Program Operations | 19,617 |
| Training | 0 |
| Equipment | 0 |
| Liability | 0 |
| Health & Safety Labor | 3,973 |
| Audit | <u>0</u> |
| Total Expenses | 23,590 |
| Questioned Costs | <u>0</u> |
| Total Allowable Expenses | 23,590 |
| Less: Contract Payments Received | <u>(23,590)</u> |
| Under/(Over) Payment Due the Agency/(CHR) | <u><u>-</u></u> |

Central Kentucky Community Action Council, Inc.
Weatherization Assistance Program
Contract Number BIL25-0602-02
DOE 7/01/24-06/30/25
Statement of Questioned Costs
Year Ended June 30, 2025

| <u>Cost Category</u> | 7/01/24 to 6/30/2025 Actual | 7/01/24 to 6/30/2025 Questioned Costs | Balance |
|-----------------------|---------------------------------------|--|---------------|
| Administration | 0 | 0 | 0 |
| Program Operations | 19,617 | 0 | 19,617 |
| Training | 0 | 0 | 0 |
| Equipment | 0 | 0 | 0 |
| Health & Safety Labor | 3,973 | 0 | 3,973 |
| Audit | 0 | 0 | 0 |
| Total | <u>23,590</u> | <u>0</u> | <u>23,590</u> |

Explanation of Questioned Costs

None

Central Kentucky Community Action Council, Inc.
Weatherization LiHeap Assistance Program
Contract Number BIL25-0602-02
7/01/24 - 6/30/25
Statement of Budget and Actual Expenses
Year Ended June 30, 2025

| <u>Cost Category</u> | <u>7/01/24 to 6/30/2025 Budget</u> | <u>7/01/24 to 6/30/2025 Actual</u> | <u>(Over) Under Budget</u> |
|-----------------------|--|--|--------------------------------|
| Administration | 69 | 0 | 69 |
| Program Operations | 431,043 | 19,617 | 411,426 |
| Training | 136,809 | 0 | 136,809 |
| Equipment | 169,461 | 0 | 169,461 |
| Liability | 12,500 | 0 | 12,500 |
| Health & Safety Labor | 83,304 | 3,973 | 79,331 |
| Audit | <u>0</u> | <u>0</u> | <u>0</u> |
| Total | <u><u>833,186</u></u> | <u><u>23,590</u></u> | <u><u>809,596</u></u> |

WHITE AND COMPANY, P.S.C.

**Certified Public Accountants
219 South Proctor Knott Avenue
Lebanon, Kentucky 40033
(270) 692-2102
Fax (270) 692-2101**

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

December 8, 2025

To the Board of Directors
Central Kentucky Community Action Council, 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 Central Kentucky Community Action Council, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 8, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Central Kentucky Community Action Council, 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 Central Kentucky Community Action Council, Inc.'s internal control. Accordingly, we do not express an opinion of the effectiveness of Central Kentucky Community Action Council, 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Kentucky Community Action Council, 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.

Sincerely,

White and Company, P.S.C.

Certified Public Accountants

WHITE AND COMPANY, P.S.C.
Certified Public Accountants
219 South Proctor Knott Avenue
Lebanon, Kentucky 40033
(270) 692-2102
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Stephanie A. Abell, CPA

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

December 8, 2025

Board of Directors
Central Kentucky Community Action Council, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Central Kentucky Community Action Council, 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 Central Kentucky Community Action Council Inc.'s major federal programs for the year ended June 30, 2025. Central Kentucky Community Action Council, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Central Kentucky Community Action Council, 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, 2025.

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 Audit Standards*, issued by the Comptroller General of United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs 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 Compliance section of our report.

We are required to be independent of Central Kentucky Community Action Council, 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 Central Kentucky Community Action Council, 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 Central Kentucky Community Action Council, Inc's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Central Kentucky Community Action Council, 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 Central Kentucky Community Action Council, 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 Central Kentucky Community Action Council, 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 Central Kentucky Council 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 Central Kentucky Community Action Council, Inc's internal control over compliance. According, 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 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 have not been 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.

Sincerely,

White and Company, P.S.C.

Certified Public Accountants

Central Kentucky Community Action Council, Inc.

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Section I – Summary of Auditors’ Results

Financial Statements:

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ Yes ☒ None Reported

Noncompliance material to financial statements noted: ☐ Yes ☒ No

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ Yes ☒ 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 Section 2 CFR section 200.516(a)? ☐ Yes ☒ No

Identification of major programs:

CFDA Numbers

20.526
10.558
93.569

Name of Federal Program or Cluster

Section 5339 and 5539b – Capital Equipment
Child and Adult Care Food Program
Community Service Block Grant

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Central Kentucky Community Action Council, Inc.

Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2025

There were no prior year findings.

WHITE AND COMPANY, P.S.C.
Certified Public Accountants
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Charles M. White, CPA
Stephanie A. Abell, CPA

Email charles.white@whitecpas.com
Email stephanie.abell@whitecpas.com

December 8, 2025

Board of Directors
Central Kentucky Community Action Council, Inc.
332 Hood Ave
Lebanon, KY 40033

We have audited the financial statements of Central Kentucky Community Action Council, Inc. for the year ended June 30, 2025, and we will issue our report thereon dated December 8, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, (and, if applicable, *Government Auditing Standards*, and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 3, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Auditing Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Central Kentucky Community Action Council, Inc. are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2025. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of the depreciation is based on management's estimate of the useful lives of its assets. We evaluated the methods, assumptions, and data used to develop the estimated useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 8, 2025.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

This information is intended solely for the use of Central Kentucky Community Action Council, Inc.'s Board of Directors and management of Central Kentucky Community Action Council, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

White and Company, P.S.C.

Certified Public Accountants

Central Kentucky Community Action Council, Inc.

Exit Conference

Subsequent to the conclusion of the audit, a final exit conference was held at the Agency's Central Office on December 8, 2025. Those in attendance were as follows:

Representatives of the Agency:

Bryan Conover, Executive Director
Jessica Miles, Finance Director
John G. Mattingly, Board Member
Judge Troy Kok, Board Member
Angie Chandler, Board Member

Representatives of White and Company, P.S.C.:

Stephanie A. Abell, CPA

The following matters were discussed at the exit conference:

- A. The format and content of the audit report draft.
- B. The Council's review and approval of the audit report.
- C. Representatives of the Council were notified that this report was subject to approval by the various funding agencies.