

ACCORD CORPORATION

Financial Statements and
Supplementary Information

February 29, 2020 and February 28, 2019

(With Independent Auditors' Report Thereon)

ACCORD CORPORATION

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
ACCORD Corporation:

Report on the Financial Statements

We have audited the accompanying financial statements of ACCORD Corporation (the Corporation) (a nonprofit organization), which comprise the statements of financial position as of February 29, 2020 and February 28, 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ACCORD Corporation as of February 29, 2020 and February 28, 2019, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 22, 2020, on our consideration of the Corporation'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 Corporation'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 Corporation's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
June 22, 2020

ACCORD CORPORATION
Statements of Financial Position
February 29, 2020 and February 28, 2019

<u>Assets</u>	<u>2020</u>	<u>2019</u>
Current assets:		
Cash - operating	\$ 248,250	70,122
Receivables, net of allowance for doubtful accounts of \$16,400 in 2020 and 2019	523,226	810,462
Total current assets	771,476	880,584
Restricted deposits:		
Security deposits	2,825	2,824
Replacement and operating reserves	14,100	10,481
Total restricted deposits	16,925	13,305
Property and equipment, at cost:		
Buildings and improvements	1,726,839	1,726,839
Furniture and equipment	139,247	99,467
	1,866,086	1,826,306
Less accumulated depreciation	(598,958)	(524,854)
Net property and equipment	1,267,128	1,301,452
Total assets	\$ 2,055,529	2,195,341
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	172,955	228,902
Accrued expenses	204,198	164,642
Deferred revenue	70,646	163,926
Total current liabilities	447,799	557,470
Security deposits	2,825	2,824
Total liabilities	450,624	560,294
Net assets:		
Without donor restrictions	1,481,725	1,574,069
With donor restrictions	123,180	60,978
Total net assets	1,604,905	1,635,047
Contingency (note 9)		
Total liabilities and net assets	\$ 2,055,529	2,195,341

See accompanying notes to financial statements.

ACCORD CORPORATION
Statement of Activities
Year ended February 29, 2020
with comparative totals for the year ended February 28, 2019

	Without donor <u>restrictions</u>	With donor <u>restrictions</u>	<u>Total</u>	
			<u>2020</u>	<u>2019</u>
Revenue:				
Contributions	\$ 6,689,726	204,128	6,893,854	6,871,136
In-kind revenue	5,330	-	5,330	7,733
Management fees	53,451	-	53,451	104,650
Program revenue	14,955	-	14,955	25,543
Other	20,698	5,929	26,627	28,570
Net assets released from restrictions through satisfaction of program restrictions	<u>147,855</u>	<u>(147,855)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>6,932,015</u>	<u>62,202</u>	<u>6,994,217</u>	<u>7,037,632</u>
Expenses:				
Program services:				
Housing development	851,412	-	851,412	801,739
Youth services	288,299	-	288,299	277,267
Child care services	736,939	-	736,939	641,219
Infant and child care services	3,593,422	-	3,593,422	3,501,383
Business and community development	88,235	-	88,235	176,879
Family development	31,074	-	31,074	31,908
Domestic violence	<u>467,349</u>	<u>-</u>	<u>467,349</u>	<u>531,023</u>
Total program services	6,056,730	-	6,056,730	5,961,418
Management and general	<u>967,629</u>	<u>-</u>	<u>967,629</u>	<u>908,156</u>
Total expenses	<u>7,024,359</u>	<u>-</u>	<u>7,024,359</u>	<u>6,869,574</u>
Change in net assets	(92,344)	62,202	(30,142)	168,058
Net assets at beginning of year	<u>1,574,069</u>	<u>60,978</u>	<u>1,635,047</u>	<u>1,466,989</u>
Net assets at end of year	<u>\$ 1,481,725</u>	<u>123,180</u>	<u>1,604,905</u>	<u>1,635,047</u>

(Continued)

See accompanying notes to financial statements.

ACCORD CORPORATION
Statement of Activities
Year ended February 28, 2019

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenue:			
Contributions	\$ 6,871,136	-	6,871,136
In-kind revenue	7,733	-	7,733
Management fees	104,650	-	104,650
Program revenue	25,543	-	25,543
Other	28,570	-	28,570
Net assets released from restrictions through satisfaction of program restrictions	<u>2,526</u>	<u>(2,526)</u>	<u>-</u>
Total revenue	<u>7,040,158</u>	<u>(2,526)</u>	<u>7,037,632</u>
Expenses:			
Program services:			
Housing development	801,739	-	801,739
Youth services	277,267	-	277,267
Child care services	641,219	-	641,219
Infant and child care services	3,501,383	-	3,501,383
Business and community development	176,879	-	176,879
Family development	31,908	-	31,908
Domestic violence	<u>531,023</u>	<u>-</u>	<u>531,023</u>
Total program services	5,961,418	-	5,961,418
Management and general	<u>908,156</u>	<u>-</u>	<u>908,156</u>
Total expenses	<u>6,869,574</u>	<u>-</u>	<u>6,869,574</u>
Change in net assets	170,584	(2,526)	168,058
Net assets at beginning of year	<u>1,403,485</u>	<u>63,504</u>	<u>1,466,989</u>
Net assets at end of year	<u>\$ 1,574,069</u>	<u>60,978</u>	<u>1,635,047</u>

See accompanying notes to financial statements.

ACCORD CORPORATION
Statement of Functional Expenses
Year ended February 29, 2020
with comparative totals for the year ended February 28, 2019

	Program Services							Total program services	Management and general	Total	
	Housing development	Youth services	Child care services	Infant and child care services	Business and community development	Family development	Domestic violence			2020	2019
Salaries	\$ 232,196	179,260	259,775	2,096,313	45,621	6,675	218,581	3,038,421	509,463	3,547,884	3,244,141
Payroll taxes and employee benefits	<u>66,917</u>	<u>43,258</u>	<u>66,206</u>	<u>560,840</u>	<u>16,220</u>	<u>2,376</u>	<u>67,617</u>	<u>823,434</u>	<u>137,460</u>	<u>960,894</u>	<u>1,015,866</u>
Total salaries and related expenses	299,113	222,518	325,981	2,657,153	61,841	9,051	286,198	3,861,855	646,923	4,508,778	4,260,007
Professional fees	23,712	4,163	536	67,568	-	35	58,764	154,778	89,359	244,137	194,498
Participant expenses	384,247	-	280,925	100	18,738	6,022	7,479	697,511	14,471	711,982	766,501
Contractual	2,513	1,365	4,651	78,383	518	-	4,941	92,371	10,490	102,861	115,622
Food	-	7,587	-	151,749	-	7,738	5,257	172,331	-	172,331	125,980
Travel	10,993	4,552	20,965	118,663	788	53	12,142	168,156	9,397	177,553	166,829
Occupancy	33,265	12,606	25,020	86,104	450	456	38,630	196,531	60,057	256,588	274,455
Utilities	7,148	1,786	-	29,652	-	1,300	984	40,870	631	41,501	41,662
Supplies	10,729	17,871	59,028	136,030	2,181	4,606	24,087	254,532	23,767	278,299	273,844
Repairs and maintenance	50,316	446	-	52,577	-	-	115	103,454	143	103,597	189,154
Telephone and networking	13,774	13,272	13,023	106,133	3,719	1,567	13,286	164,774	12,203	176,977	198,662
Insurance	6,500	1,200	500	69,386	-	-	2,000	79,586	1,785	81,371	75,370
Copying and printing	580	862	3,257	7,353	-	96	4,433	16,581	5,444	22,025	21,161
Advertising	2,000	71	1,332	6,086	-	-	6,308	15,797	199	15,996	19,283
Dues and subscriptions	6,522	-	1,721	21,655	-	150	2,225	32,273	16,856	49,129	56,782
Interest	-	-	-	-	-	-	-	-	-	-	5,706
In-kind expense professional	-	-	-	4,830	-	-	500	5,330	-	5,330	7,733
Other	-	-	-	-	-	-	-	-	1,800	1,800	-
Total expenses before depreciation	851,412	288,299	736,939	3,593,422	88,235	31,074	467,349	6,056,730	893,525	6,950,255	6,793,249
Depreciation	-	-	-	-	-	-	-	-	74,104	74,104	76,325
Total expenses	<u>\$ 851,412</u>	<u>288,299</u>	<u>736,939</u>	<u>3,593,422</u>	<u>88,235</u>	<u>31,074</u>	<u>467,349</u>	<u>6,056,730</u>	<u>967,629</u>	<u>7,024,359</u>	<u>6,869,574</u>

See accompanying notes to financial statements.

(Continued)

ACCORD CORPORATION
Statement of Functional Expenses
Year ended February 28, 2019

	Program Services							Total program services	Management and general	Total
	Housing development	Youth services	Child care services	Infant and child care services	Business and community development	Family development	Domestic violence			
Salaries	\$ 195,469	159,998	200,925	1,923,766	100,196	3,048	224,646	2,808,048	436,093	3,244,141
Payroll taxes and employee benefits	<u>58,716</u>	<u>43,714</u>	<u>65,394</u>	<u>602,851</u>	<u>38,112</u>	<u>1,251</u>	<u>74,636</u>	<u>884,674</u>	<u>131,192</u>	<u>1,015,866</u>
Total salaries and related expenses	254,185	203,712	266,319	2,526,617	138,308	4,299	299,282	3,692,722	567,285	4,260,007
Professional fees	8,431	8,459	-	34,446	405	4,510	117,224	173,475	21,023	194,498
Participant expenses	438,489	-	295,826	176	13,047	6,537	2,115	756,190	10,311	766,501
Contractual	6,639	773	1,617	79,057	2,284	-	4,912	95,282	20,340	115,622
Food	-	14,164	46	95,647	-	12,845	3,278	125,980	-	125,980
Travel	10,127	5,130	12,831	100,638	1,184	223	10,477	140,610	26,219	166,829
Occupancy	32,824	12,000	21,530	73,568	10,800	-	34,202	184,924	89,531	274,455
Utilities	4,573	892	403	25,252	704	900	7,849	40,573	1,089	41,662
Supplies	13,635	12,299	24,697	156,912	5,157	119	27,070	239,889	33,955	273,844
Repairs and maintenance	18,840	1,324	60	161,478	-	-	7,452	189,154	-	189,154
Telephone and networking	6,492	14,553	8,976	136,211	4,590	1,600	7,914	180,336	18,326	198,662
Insurance	2,453	1,200	-	67,052	-	500	1,918	73,123	2,247	75,370
Copying and printing	1,092	1,271	3,132	4,399	400	75	3,751	14,120	7,041	21,161
Advertising	758	1,490	1,256	9,982	-	100	3,579	17,165	2,118	19,283
Dues and subscriptions	3,201	-	4,526	22,215	-	200	-	30,142	26,640	56,782
Interest	-	-	-	-	-	-	-	-	5,706	5,706
In-kind expense professional	-	-	-	7,733	-	-	-	7,733	-	7,733
Total expenses before depreciation	801,739	277,267	641,219	3,501,383	176,879	31,908	531,023	5,961,418	831,831	6,793,249
Depreciation	-	-	-	-	-	-	-	-	76,325	76,325
Total expenses	<u>\$ 801,739</u>	<u>277,267</u>	<u>641,219</u>	<u>3,501,383</u>	<u>176,879</u>	<u>31,908</u>	<u>531,023</u>	<u>5,961,418</u>	<u>908,156</u>	<u>6,869,574</u>

See accompanying notes to financial statements.

ACCORD CORPORATION
Statements of Cash Flows
Years ended February 29, 2020 and February 28, 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ (30,142)	168,058
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	74,104	76,325
Changes in:		
Receivables	287,236	(42,002)
Accounts payable	(30,367)	(13,356)
Accrued expenses	39,556	8,961
Deferred revenue	<u>(93,280)</u>	<u>(78,626)</u>
Net cash provided by operating activities	<u>247,107</u>	<u>119,360</u>
Cash flows from investing activities - additions to property and equipment	<u>(65,360)</u>	<u>(54,439)</u>
Cash flows from financing activities:		
Proceeds from line of credit	-	200,000
Repayment of line of credit	<u>-</u>	<u>(339,000)</u>
Net cash used in financing activities	<u>-</u>	<u>(139,000)</u>
Net change in cash and equivalents	181,747	(74,079)
Cash and equivalents at beginning of year	<u>80,603</u>	<u>154,682</u>
Cash and equivalents at end of year	<u>\$ 262,350</u>	<u>80,603</u>
Supplemental schedule of cash flow information:		
Cash paid for interest	<u>\$ -</u>	<u>5,706</u>
Fixed assets financed through accounts payable	<u>\$ -</u>	<u>25,580</u>
Classification of cash and equivalents:		
Operating	248,250	70,122
Replacement and operating reserves	<u>14,100</u>	<u>10,481</u>
	<u>\$ 262,350</u>	<u>80,603</u>

See accompanying notes to financial statements.

ACCORD CORPORATION
Notes to Financial Statements
February 29, 2020 and February 28, 2019

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

ACCORD Corporation (the Corporation) is a not-for-profit Community Action Agency. Its mission is to encourage the development of programs designed to minimize poverty and promote self-sufficiency in Allegany County as well as to provide programs to improve housing and to serve the needs of families. The Corporation's support comes primarily from governmental agencies and in-kind contributions.

(b) Basis of Accounting

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

(c) Basis of Presentation

The Corporation reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Accordingly, net assets of the Corporation and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations and may be used for any purpose designated by the Corporation's Board of Directors.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Corporation and/or the passage of time.

(d) Estimates

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

(e) Cash

For purposes of the statements of cash flows, the Corporation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash.

(f) Concentration of Credit Risk

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of cash accounts in financial institutions. Although amounts may, at times, exceed the federally insured limit, management does not anticipate nonperformance by the financial institutions.

ACCORD CORPORATION
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) Receivables

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

(h) Capitalization and Depreciation

Property and equipment are recorded at cost or fair market value at the date of the gift in the case of donated property. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property are recorded as unrestricted support. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property and equipment, the appropriate property and equipment accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statements of activities.

(i) Long-Lived Assets

The Corporation reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. In determining whether there is an impairment of long-lived assets, the Corporation compares the sum of the expected future net cash flows (undiscounted and without interest charges) to the carrying amount of the assets. At February 29, 2020 and February 28, 2019, no impairment in value has been recognized.

(j) Accounts Payable

Certain of the Corporation's grant contracts require that all accounts payable related to their program be liquidated within ninety days of the contract's year-end. All such requirements have been met.

(k) Deferred Revenue and Revenue Recognition

Grant awards accounted for as exchange transactions are recorded as revenue when expenditures have been incurred in compliance with the grant restrictions. Amounts unspent are recorded in the statements of financial position as deferred revenue.

ACCORD CORPORATION
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(l) Donated Materials, Food, Supplies and Personal Services

The Corporation receives donations without restrictions from outside parties. The donations include, but are not limited to, equipment, clothing, services and food. All donations are without restriction but used to support and further the Corporation's objectives. The donations are reflected in the accompanying statements at their estimated fair value at the date of receipt. In addition, many skilled and unskilled individuals have contributed significant amounts of time to the activities of the Corporation without compensation. To satisfy cost sharing requirements to certain government awards, the Corporation assigns values to such services based on rates commensurate with the type of volunteer hours performed. Total donations with an assigned value of \$1,173,854 and \$776,906 were recorded during the years ended February 29, 2020 and February 28, 2019, respectively. However, for purposes of financial presentation, and in accordance with generally accepted accounting principles, only professional services are recognized. The following revenue and expenditures are recognized in the accompanying financial statements:

	<u>2020</u>	<u>2019</u>
Donated professional goods and services recognized	\$ 5,330	7,733
Donated non-professional goods and services not recognized	<u>1,168,524</u>	<u>769,173</u>
Total professional goods and services	\$ <u>1,173,854</u>	<u>776,906</u>

(m) Promises to Give

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

(n) Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Allocation of building and related expenses are based on square footage, remaining expenses are based on employee level of effort.

(o) Indirect Cost Rate

The Corporation uses an indirect cost rate for the purpose of allocating indirect costs. The methodology used to develop the indirect cost rate was approved by the U.S. Department of Health and Human Services.

ACCORD CORPORATION
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(p) Subsequent Events

The Corporation has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

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

(q) Income Taxes

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

(r) Recent Accounting Standards Issued

In November 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-18, "Statement of Cash Flows - Restricted Cash." The amendments in this update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. This guidance is effective for fiscal years beginning after December 15, 2018. These financial statements and notes reflect adoption of this new standard.

In June 2018, the FASB issued ASU 2018-08, "Clarifying the Scope of Accounting Guidance for Contributions Received and Contributions Made." ASU 2018-08 provides clarification for determining if grants and contracts should be considered contributions or exchange transactions, as well as guidance for determining if a contribution is conditional. This guidance is effective for fiscal years beginning after December 15, 2018. These financial statements and notes reflect adoption of this new standard.

(s) Reclassifications

Reclassifications have been made to certain 2019 balances in order to conform them to the 2020 presentation.

ACCORD CORPORATION
Notes to Financial Statements, Continued

(2) Liquidity

The Corporation has \$639,567 of financial assets available within one year of the statement of financial position consisting of \$125,070 operating cash and \$514,497 of receivables. None of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the 2020 statement of financial position. As discussed in note 6, the Corporation has a committed line of credit in the amount of \$300,000, which it could draw upon in the event of an unanticipated liquidity need.

(3) Concentrations of Credit Risk

The Corporation provides social services primarily in Allegany County, New York. A substantial portion of the Corporation's receivables are due from Federal and New York State governmental agencies.

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

(4) Restricted Deposits

Restricted deposits at February 29, 2020 and February 28, 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Security deposits as required per the regulatory agreement with New York State Homeless Housing and Assistance Corporation (NYSHHAC).	\$ 2,825	2,824
Reserve for replacement in accordance with the regulatory agreement with NYSHHAC, the reserve is to be funded by 3.5% of rental income annually. As of February 29, 2020, the reserve for replacements was adequately funded.	3,265	2,461
Operating reserve in accordance with the regulatory agreement with NYSHHAC, the reserve is to be funded by 11% of rental income annually. As of February 29, 2020, the operating reserve was adequately funded.	<u>10,835</u>	<u>8,020</u>
Total restricted deposits	\$ <u>16,925</u>	<u>13,305</u>

ACCORD CORPORATION
Notes to Financial Statements, Continued

(5) Deferred Revenue

Deferred revenue amounted to \$70,646 and \$163,926 at February 29, 2020 and February 28, 2019, respectively. These amounts represent cash provided to the Corporation in advance of the period to be benefited in order to provide working capital for the operation of the various programs of the Corporation.

(6) Line of Credit

The Corporation has a line of credit with Steuben Trust Company with a maximum borrowing capacity of \$300,000. The line bears interest at prime plus 1.5% (6.25% at February 29, 2020). The line is guaranteed by the Genesee Valley Improvement Corporation (GVIC). GVIC and the Corporation share a common board member. At February 29, 2020 and February 28, 2019, there was no outstanding balance.

(7) Retirement Plan

The Corporation maintains a defined contribution plan (the Plan) as permitted under Section 403(b) of the Internal Revenue Code (IRC). All employees who work 20 hours or more per week are eligible to participate in the Plan. Employees who have attained the age of 21 and complete 1 year of service are eligible to participate in employer contributions.

Participants may make contributions up to the annual amount allowed by Section 402(g) of the IRC. Employer contributions are determined by the Plan agreement and allow for discretionary matching contributions. Participants are immediately 100% vested in their accounts. Employer contributions charged to employee benefits expense for the years ended February 29, 2020 and February 28, 2019 amounted to \$101,569 and \$100,098, respectively.

(8) Management Services

For the years ended February 29, 2020 and February 28, 2019, GVIC paid \$36,233 and \$26,482, respectively, to ACCORD Corporation related to an agreement for management services. In addition, during the years ended February 29, 2020 and February 28, 2019, ACCORD Corporation guaranteed \$188,221 and \$207,528, respectively, of debt for GVIC. ACCORD Corporation leases various properties from GVIC. Rental expense related to these leases amounted to \$231,559 and \$260,120 for the years ended February 29, 2020 and February 28, 2019, respectively.

ACCORD CORPORATION
Notes to Financial Statements, Continued

(9) Contingency

The Corporation has assumed a contract in the amount of \$444,000 from the New York State Homeless Housing Assistance Corporation (HHAC) related to the Alfred Almond House (the Project), a project previously developed by another organization. The contract has been amended by HHAC to provide additional funding up to a total of \$1,127,850 for the continued development and expansion of the 8 unit apartment building for the specified use of assisting the eradication of homelessness in the local community. The mortgage is for 25 years at no interest, with no schedule of payments, and will be forgiven at the end of the term which shall commence upon the issuance of a Certificate of Occupancy. Under the term of the agreement, the property must be used to provide housing for homeless people for 25 years and may not be sold or transferred without prior written consent of HHAC. If the Project does not comply with the terms of the agreement, the amount provided will be considered to be in default and the original amount shall be immediately due and payable. The amount provided under the agreement totaled \$839,981 as of February 29, 2020 and February 28, 2019.

(10) Economic Condition

A material part of the Corporation's funding is dependent upon one grant, the loss of this grant would have a material adverse effect on the Corporation. During the years ended February 29, 2020 and February 28, 2019, 54% and 49%, respectively, of the Corporation's total revenue was derived from one grant.

(11) Net Assets With Donor Restrictions

Net assets with donor restrictions consisting of \$123,180 and \$60,978 at February 29, 2020 and February 28, 2019, respectively, were time or purpose restricted by the funding organization.

ACCORD CORPORATION
Schedule of Expenditures of Federal Awards
Year ended February 29, 2020

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantors' Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. Department of Health and Human Services:				
Head Start Cluster:				
Head Start	93.600	02CH3122-05	\$ 1,784,012	-
Early Head Start	93.600	02CH3122-05	2,022,298	-
Passed through the New York State Office of Children and Family Services:				
Child Care and Development Block Grant	93.575	C028246-19	21,858	-
Child Care and Development Block Grant	93.575	C028246-20	39,518	-
Child Care and Development Block Grant	93.575	C028246-20	14,410	-
Child Care and Development Block Grant	93.575	C028246-19	87,514	-
Child Care and Development Block Grant	93.575	C028246-20	159,953	-
Child Care and Development Block Grant	93.575	2195-19	93,263	-
Child Care and Development Block Grant	93.575	2195-20	19,179	-
Family Violence Prevention and Services	93.671	C027478-19	31,770	-
Family Violence Prevention and Services	93.671	C027478-20	85,897	-
Temporary Assistance for Needy Families	93.558	TANF (2018)	18,075	-
Temporary Assistance for Needy Families	93.558	TANF (2019)	23,443	-
Temporary Assistance for Needy Families	93.558	TANF (2020)	1,489	-
Passed through the New York State Department of State:				
Community Services Block Grant - Workforce Development	93.569	C1000746-19	181,689	-
Community Services Block Grant - Workforce Development	93.569	C1001451-20	84,469	-
Total U.S. Department of Health and Human Services			<u>4,668,837</u>	<u>-</u>
U.S. Department of Agriculture:				
Passed through the New York State Department of Health:				
Child and Adult Care Food Program	10.558	1145-19	108,641	-
Child and Adult Care Food Program	10.558	1145-20	79,184	-
Child and Adult Care Food Program	10.558	1900-19	216,848	-
Child and Adult Care Food Program	10.558	1900-20	132,632	-
Total U.S. Department of Agriculture			<u>537,305</u>	<u>-</u>

(Continued)

See accompanying notes to schedule of expenditures of federal awards.

ACCORD CORPORATION
Schedule of Expenditures of Federal Awards, Continued

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantors' Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. Department of Justice:				
Violence Against Women Formula Grants Passed through the New York State Division of Criminal Justice Services:	16.588	2017-WR-AX-0001	\$ 164,959	-
Violence Against Women Formula Grants	16.588	C652100-19	31,332	-
Violence Against Women Formula Grants	16.588	C652100-20	<u>1,606</u>	<u>-</u>
Total U.S. Department of Justice			<u>197,897</u>	<u>-</u>
U.S. Department of Housing and Urban Development:				
Supportive Housing Program	14.235	C011600-19	19,285	-
Supportive Housing Program	14.235	C011600-20	73,709	-
Passed through Solutions (STEHP) - HOME Investment Partnership Program	14.231	TDA01-C00498GG-3410000	23,863	-
Passed through New York State Housing Trust Fund Corporation:				
Housing Counseling Assistance Program	14.169	HC180321059	31,435	-
Housing Counseling Assistance Program	14.169	HC190321038	<u>28,894</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>177,186</u>	<u>-</u>
Total Federal Awards			<u>\$ 5,581,225</u>	<u>-</u>

See accompanying notes to schedule of expenditures of federal awards.

ACCORD CORPORATION
Notes to Schedule of Expenditures of Federal Awards
February 29, 2020

(1) Basis of Presentation

(a) Reporting Entity

The accompanying schedule of expenditures of federal awards presents the activity of Federal financial assistance programs administered by ACCORD Corporation (the Corporation).

(b) Pass-Through Programs

When the Corporation receives funds from a government entity other than the Federal government (pass-through), the funds are accumulated based upon the Catalog of Federal Domestic Assistance (CFDA) number advised by the pass-through grantor.

Identifying numbers, other than CFDA numbers, which may be assigned by pass-through grantors are not maintained in the Corporation's financial management system. When the Corporation has identified pass-through identifying numbers, they are included in the schedule of expenditures of federal awards.

(2) Basis of Accounting

The schedule of expenditures of federal awards is presented on the accrual basis of accounting and the amounts presented are derived from the Corporation's general ledger. For programs with funding ceilings and caps, federal expenditures are only recorded and presented in the schedule of expenditures of federal awards up to such amounts.

(3) Indirect Costs

Indirect costs are included in the reported expenditures to the extent such costs are included in the Federal financial reports used as the source for the data presented. The Corporation uses an approved federal rate for indirect costs.

(4) Matching Costs

Matching costs, i.e., the Corporation's share of certain program costs, are not included in the schedule of expenditures of federal awards.

(5) Subrecipients

The Corporation did not provide any funding to subrecipients during the year ended February 29, 2020.

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

The Board of Directors
ACCORD Corporation:

We have audited, 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, the financial statements of ACCORD Corporation (the Corporation), which comprise the statement of financial position as of February 29, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated June 22, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the 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 Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 Corporation's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation'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 determination of financial statement amounts. 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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
June 22, 2020

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

The Board of Directors
ACCORD Corporation:

Report on Compliance for Each Major Federal Program

We have audited ACCORD Corporation's (the Corporation) compliance with the types of compliance requirements described in the OMB Compliance Supplement, that could have a direct and material effect on each of the Corporation's major federal programs for the year ended February 29, 2020. The Corporation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, ACCORD Corporation 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 February 29, 2020.

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

EFPR Group, CPAs, PLLC

Williamsville, New York
June 22, 2020

ACCORD CORPORATION
 Schedule of Findings and Questioned Costs
 Year ended February 29, 2020

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

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

Internal control over financial reporting:

- | | | | | |
|---|-------|-----|-----|---------------|
| 1. Material weakness(es) identified? | _____ | Yes | _x_ | No |
| 2. Significant deficiency(ies) identified not considered to be material weakness(es)? | _____ | Yes | _x_ | None reported |
| 3. Noncompliance material to financial statements noted? | _____ | Yes | _x_ | No |

Federal Awards:

Internal control over major programs:

- | | | | | |
|---|-------|-----|-----|---------------|
| 4. Material weakness(es) identified? | _____ | Yes | _x_ | No |
| 5. Significant deficiency(ies) identified not considered to be material weakness(es)? | _____ | Yes | _x_ | None reported |

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

- | | | | | |
|--|-------|-----|-----|----|
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) (Uniform Guidance)? | _____ | Yes | _x_ | No |
|--|-------|-----|-----|----|

7. The Corporation's major programs audited were:

<u>Name of Federal Programs</u>	<u>CFDA Number</u>
Head Start	93.600
Early Head Start	93.600
Child and Adult Care Food Program	10.558

8. Dollar threshold used to distinguish between Type A and Type B programs.				\$750,000
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9. Auditee qualified as low-risk auditee?	_x_	Yes	_____	No
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Part II - FINANCIAL STATEMENTS FINDINGS SECTION

No reportable findings.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No reportable findings.

ACCORD CORPORATION
Status of Prior Year Audit Findings
Year ended February 29, 2020

There were no audit findings with regard to the prior year financial statements (February 28, 2019).