

ACCORD CORPORATION

Financial Statements and  
Supplementary Information

February 28, 2021 and February 29, 2020

(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 28, 2021 and February 29, 2020, 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 28, 2021 and February 29, 2020, 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 audits 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, 2021, 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, 2021

ACCORD CORPORATION  
Statements of Financial Position  
February 28, 2021 and February 29, 2020

	<u>Assets</u>	<u>2021</u>	<u>2020</u>
Current assets:			
Cash - operating		\$ 780,797	250,156
Receivables, net of allowance for doubtful accounts of \$16,400 in 2020		648,571	523,226
Prepaid expenses		<u>8,678</u>	<u>-</u>
Total current assets		<u>1,438,046</u>	<u>773,382</u>
Restricted deposits:			
Security deposits		2,825	2,825
Replacement and operating reserves		<u>13,832</u>	<u>12,194</u>
Total restricted deposits		<u>16,657</u>	<u>15,019</u>
Property and equipment, at cost:			
Buildings and improvements		1,745,029	1,726,839
Furniture and equipment		<u>163,555</u>	<u>139,247</u>
		1,908,584	1,866,086
Less accumulated depreciation		<u>(672,218)</u>	<u>(598,958)</u>
Net property and equipment		<u>1,236,366</u>	<u>1,267,128</u>
Total assets		<u>\$ 2,691,069</u>	<u>2,055,529</u>
<u>Liabilities and Net Assets</u>			
Current liabilities:			
Accounts payable		168,815	172,955
Accrued expenses		245,455	204,198
Deferred revenue		285,061	70,646
Line of credit		<u>248,736</u>	<u>-</u>
Total current liabilities		948,067	447,799
Security deposits		<u>2,825</u>	<u>2,825</u>
Total liabilities		<u>950,892</u>	<u>450,624</u>
Net assets:			
Without donor restrictions		1,675,011	1,481,725
With donor restrictions		<u>65,166</u>	<u>123,180</u>
Total net assets		1,740,177	1,604,905
Contingency (note 9)			
Total liabilities and net assets		<u>\$ 2,691,069</u>	<u>2,055,529</u>

See accompanying notes to financial statements.

**ACCORD CORPORATION**  
 Statement of Activities  
 Year ended February 28, 2021  
 with comparative totals for the year ended February 29, 2020

	Without donor <u>restrictions</u>	With donor <u>restrictions</u>	<u>Total</u>	
			<u>2021</u>	<u>2020</u>
<b>Revenue:</b>				
Contributions	\$ 7,255,971	-	7,255,971	6,893,854
In-kind revenue	5,268	-	5,268	5,330
Management fees	140,237	-	140,237	53,451
Program revenue	12,167	-	12,167	14,955
Other	22,648	-	22,648	26,627
Grant income - paycheck protection program	21,000	-	21,000	-
Net assets released from restrictions through satisfaction of program restrictions	<u>58,014</u>	<u>(58,014)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>7,515,305</u>	<u>(58,014)</u>	<u>7,457,291</u>	<u>6,994,217</u>
<b>Expenses:</b>				
<b>Program services:</b>				
Housing development	501,177	-	501,177	851,412
Youth services	98,233	-	98,233	288,299
Child care services	636,614	-	636,614	736,939
Infant and child care services	3,970,270	-	3,970,270	3,593,422
Business and community development	471,659	-	471,659	88,235
Family development	214,488	-	214,488	31,074
Domestic violence	<u>442,594</u>	<u>-</u>	<u>442,594</u>	<u>467,349</u>
Total program services	6,335,035	-	6,335,035	6,056,730
Management and general	<u>986,984</u>	<u>-</u>	<u>986,984</u>	<u>967,629</u>
Total expenses	<u>7,322,019</u>	<u>-</u>	<u>7,322,019</u>	<u>7,024,359</u>
Change in net assets	193,286	(58,014)	135,272	(30,142)
Net assets at beginning of year	<u>1,481,725</u>	<u>123,180</u>	<u>1,604,905</u>	<u>1,635,047</u>
Net assets at end of year	<u>\$ 1,675,011</u>	<u>65,166</u>	<u>1,740,177</u>	<u>1,604,905</u>

(Continued)

See accompanying notes to financial statements.

ACCORD CORPORATION  
Statement of Activities  
Year ended February 29, 2020

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenue:			
Contributions	\$ 6,689,726	204,128	6,893,854
In-kind revenue	5,330	-	5,330
Management fees	53,451	-	53,451
Program revenue	14,955	-	14,955
Other	20,698	5,929	26,627
Net assets released from restrictions through satisfaction of program restrictions	<u>147,855</u>	<u>(147,855)</u>	<u>-</u>
Total revenue	<u>6,932,015</u>	<u>62,202</u>	<u>6,994,217</u>
Expenses:			
Program services:			
Housing development	851,412	-	851,412
Youth services	288,299	-	288,299
Child care services	736,939	-	736,939
Infant and child care services	3,593,422	-	3,593,422
Business and community development	88,235	-	88,235
Family development	31,074	-	31,074
Domestic violence	<u>467,349</u>	<u>-</u>	<u>467,349</u>
Total program services	6,056,730	-	6,056,730
Management and general	<u>967,629</u>	<u>-</u>	<u>967,629</u>
Total expenses	<u>7,024,359</u>	<u>-</u>	<u>7,024,359</u>
Change in net assets	(92,344)	62,202	(30,142)
Net assets at beginning of year	<u>1,574,069</u>	<u>60,978</u>	<u>1,635,047</u>
Net assets at end of year	<u>\$ 1,481,725</u>	<u>123,180</u>	<u>1,604,905</u>

See accompanying notes to financial statements.

**ACCORD CORPORATION**  
**Statement of Functional Expenses**  
**Year ended February 28, 2021**  
**with comparative totals for the year ended February 29, 2020**

	Program Services								Management and general	Total	
	Housing	Youth	Child care	Infant and	Business and	Family	Domestic	Total		2021	2020
	<u>development</u>	<u>services</u>	<u>services</u>	<u>child care</u>	<u>development</u>	<u>development</u>	<u>violence</u>	<u>program</u>			
Salaries	\$ 172,064	57,470	201,290	2,247,504	74,641	40,446	187,466	2,980,881	474,627	3,455,508	3,547,884
Payroll taxes and employee benefits	53,114	16,557	61,285	648,734	21,404	16,891	61,833	879,818	150,243	1,030,061	960,894
Total salaries and related expenses	225,178	74,027	262,575	2,896,238	96,045	57,337	249,299	3,860,699	624,870	4,485,569	4,508,778
Professional fees	17,581	6,426	3,959	91,113	31,894	1,997	138,424	291,394	72,571	363,965	244,137
Participant expenses	179,593	-	314,255	2,437	291,606	136,279	3,686	927,856	14,754	942,610	711,982
Contractual	1,065	623	-	67,524	2,635	1,136	534	73,517	3,394	76,911	102,861
Food	-	742	-	194,025	2,603	1,414	178	198,962	17,180	216,142	172,331
Travel	850	-	3,194	74,362	1,053	844	5,192	85,495	2,846	88,341	177,553
Occupancy	23,997	9,762	14,362	84,798	282	1,523	23,326	158,050	74,789	232,839	256,588
Utilities	7,926	-	-	23,103	-	1,832	-	32,861	3,517	36,378	41,501
Supplies	14,657	1,078	22,954	204,056	39,183	5,052	4,323	291,303	27,901	319,204	278,299
Repairs and maintenance	10,242	-	-	126,442	-	3,014	-	139,698	7,216	146,914	103,597
Telephone and networking	5,242	4,408	9,861	78,513	4,009	1,677	2,823	106,533	13,489	120,022	176,977
Insurance	8,450	500	1,500	65,904	500	500	6,395	83,749	4,089	87,838	81,371
Copying and printing	102	-	1,965	10,482	-	193	3,611	16,353	1,568	17,921	22,025
Advertising	466	145	-	10,028	1,500	1,680	2,903	16,722	2,280	19,002	15,996
Dues and subscriptions	5,716	522	1,969	35,977	349	10	1,263	45,806	7,930	53,736	49,129
Interest	-	-	-	-	-	-	-	-	7,252	7,252	-
In-kind expense professional	-	-	-	5,268	-	-	-	5,268	-	5,268	5,330
Other	112	-	20	-	-	-	637	769	28,078	28,847	1,800
Total expenses before depreciation	501,177	98,233	636,614	3,970,270	471,659	214,488	442,594	6,335,035	913,724	7,248,759	6,950,255
Depreciation	-	-	-	-	-	-	-	-	73,260	73,260	74,104
Total expenses	<u>\$ 501,177</u>	<u>98,233</u>	<u>636,614</u>	<u>3,970,270</u>	<u>471,659</u>	<u>214,488</u>	<u>442,594</u>	<u>6,335,035</u>	<u>986,984</u>	<u>7,322,019</u>	<u>7,024,359</u>

See accompanying notes to financial statements.

(Continued)



**ACCORD CORPORATION**  
**Statement of Functional Expenses**  
**Year ended February 29, 2020**

	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	\$ 232,196	179,260	259,775	2,096,313	45,621	6,675	218,581	3,038,421	509,463	3,547,884
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>
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
Professional fees	23,712	4,163	536	67,568	-	35	58,764	154,778	89,359	244,137
Participant expenses	384,247	-	280,925	100	18,738	6,022	7,479	697,511	14,471	711,982
Contractual	2,513	1,365	4,651	78,383	518	-	4,941	92,371	10,490	102,861
Food	-	7,587	-	151,749	-	7,738	5,257	172,331	-	172,331
Travel	10,993	4,552	20,965	118,663	788	53	12,142	168,156	9,397	177,553
Occupancy	33,265	12,606	25,020	86,104	450	456	38,630	196,531	60,057	256,588
Utilities	7,148	1,786	-	29,652	-	1,300	984	40,870	631	41,501
Supplies	10,729	17,871	59,028	136,030	2,181	4,606	24,087	254,532	23,767	278,299
Repairs and maintenance	50,316	446	-	52,577	-	-	115	103,454	143	103,597
Telephone and networking	13,774	13,272	13,023	106,133	3,719	1,567	13,286	164,774	12,203	176,977
Insurance	6,500	1,200	500	69,386	-	-	2,000	79,586	1,785	81,371
Copying and printing	580	862	3,257	7,353	-	96	4,433	16,581	5,444	22,025
Advertising	2,000	71	1,332	6,086	-	-	6,308	15,797	199	15,996
Dues and subscriptions	6,522	-	1,721	21,655	-	150	2,225	32,273	16,856	49,129
In-kind expense professional	-	-	-	4,830	-	-	500	5,330	-	5,330
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
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,104</u>	<u>74,104</u>
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>

See accompanying notes to financial statements.

**ACCORD CORPORATION**  
**Statements of Cash Flows**  
**Years ended February 28, 2021 and February 29, 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 135,272	(30,142)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	73,260	74,104
Change in allowance for bad debts	16,400	-
Changes in:		
Receivables	(141,745)	287,236
Prepaid expenses	(8,678)	-
Accounts payable	(4,140)	(30,367)
Accrued expenses	41,257	39,556
Deferred revenue	<u>214,415</u>	<u>(93,280)</u>
Net cash provided by operating activities	326,041	247,107
Cash flows from investing activities - additions to property and equipment	(42,498)	(65,360)
Cash flows from financing activities - proceeds from line of credit	<u>248,736</u>	<u>-</u>
Net change in cash and equivalents	532,279	181,747
Cash and equivalents at beginning of year	<u>262,350</u>	<u>80,603</u>
Cash and equivalents at end of year	<u>\$ 794,629</u>	<u>262,350</u>
Supplemental schedule of cash flow information:		
Cash paid for interest	<u>\$ 7,252</u>	<u>-</u>
Classification of cash and equivalents:		
Operating	780,797	250,156
Replacement and operating reserves	<u>13,832</u>	<u>12,194</u>
	<u>\$ 794,629</u>	<u>262,350</u>

See accompanying notes to financial statements.

ACCORD CORPORATION  
Notes to Financial Statements  
February 28, 2021 and February 29, 2020

(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 28, 2021 and February 29, 2020, 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 \$357,899 and \$1,173,854 were recorded during the years ended February 28, 2021 and February 29, 2020, 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>2021</u>	<u>2020</u>
Donated professional goods and services recognized	\$ 5,268	5,330
Donated non-professional goods and services not recognized	<u>352,631</u>	<u>1,168,524</u>
Total professional goods and services	\$ <u>357,899</u>	<u>1,173,854</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) Reclassifications

Reclassifications have been made to certain 2020 balances in order to conform them to the 2021 presentation.

(2) Liquidity

The Corporation has \$1,365,046 of financial assets available within one year of the statement of financial position consisting of \$716,475 operating cash and \$648,571 of receivables. Some of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the 2021 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.

ACCORD CORPORATION  
Notes to Financial Statements, Continued

(3) Concentrations of Credit Risk, Continued

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 28, 2021 and February 29, 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Security deposits as required per the regulatory agreement with New York State Homeless Housing and Assistance Corporation (NYSHHAC).	\$ 2,825	2,825
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 28, 2021, the reserve for replacements was adequately funded.	3,205	2,805
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 28, 2021, the operating reserve was adequately funded.	<u>10,627</u>	<u>9,389</u>
Total restricted deposits	\$ <u>16,657</u>	<u>15,019</u>

(5) Deferred Revenue

Deferred revenue amounted to \$285,061 and \$70,646 at February 28, 2021 and February 29, 2020, 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% (4.75% at February 28, 2021). The line is guaranteed by the Genesee Valley Improvement Corporation (GVIC). GVIC and the Corporation share a common board member. At February 28, 2021, the outstanding balance is \$248,736. At February 29, 2020, there was no outstanding balance.

ACCORD CORPORATION  
Notes to Financial Statements, Continued

(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 28, 2021 and February 29, 2020 amounted to \$106,912 and \$101,569, respectively.

(8) Management Services

For the years ended February 28, 2021 and February 29, 2020, GVIC paid \$36,000 and \$36,233, respectively, to the Corporation related to an agreement for management services. In addition, during the years ended February 28, 2021 and February 29, 2020, the Corporation guaranteed \$167,726 and \$188,221, respectively, of debt for GVIC. The Corporation leases various properties from GVIC. Rental expense related to these leases amounted to \$207,503 and \$231,559 for the years ended February 28, 2021 and February 29, 2020, respectively.

(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 28, 2021 and February 29, 2020.



ACCORD CORPORATION  
Notes to Financial Statements, Continued

(10) Economic Condition

A material part of the Corporation's funding is dependent upon one source, the loss of this grant would have a material adverse effect on the Corporation. During the years ended February 28, 2021 and February 29, 2020, 57% and 54%, respectively, of the Corporation's total revenue was derived from one source.

(11) Net Assets With Donor Restrictions

Net assets with donor restrictions of \$65,166 and \$123,180 at February 28, 2021 and February 29, 2020, respectively, were time or purpose restricted by the funding organization.

(12) Grant Income - Paycheck Protection Program

In April 2020, the Corporation received a loan under the Paycheck Protection Program that was designed by the United States Small Business Administration (SBA) to provide direct incentive for small businesses to keep their workers on payroll due to COVID-19. The SBA will forgive the loan if all employee retention criteria are met, and the funds are used for eligible expenses. If the criteria are not met, the loan is to be paid in equal payments over a period of two years, including interest at 1%. The Corporation anticipates this loan to be forgiven. As of February 28, 2021, the Corporation had recognized \$21,000 towards eligible expenses. There is no remaining balance on the loan as of February 28, 2021.

ACCORD CORPORATION  
Schedule of Expenditures of Federal Awards  
Year ended February 28, 2021

<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	02CH3122-06	\$ 606,461	-
Head Start	93.600	02CH011624-01-01	1,252,038	-
Early Head Start	93.600	02CH3122-06	709,739	-
Early Head Start	93.600	02CH011624-01-01	1,461,698	-
Head Start/Early Head Start - CARES COVID	93.600	02CH01162401C3	253,976	-
Passed through the New York State Office of Children and Family Services:				
Child Care and Development Block Grant	93.575	2309	87,396	-
Child Care and Development Block Grant	93.575	2309	1,821	-
Child Care and Development Block Grant	93.575	T012340	301,684	-
Child Care and Development Block Grant	93.575	T012498	97,294	-
Child Care and Development Block Grant	93.575	C028246-21	23,796	-
Child Care and Development Block Grant	93.575	C028246-21	18,917	-
Child Care and Development Block Grant	93.575	C028246-20	78,650	-
Child Care and Development Block Grant	93.575	C028246-21	100,419	-
Family Violence Prevention and Services	93.671	C027478 (2019-2020)	24,352	-
Family Violence Prevention and Services	93.671	C028818 (2020-2021)	51,091	-
Family Violence Prevention and Services	93.671	C27478 (2020-2021)	17,618	-
Family Violence Prevention and Services	93.671	T012428 (2020-2021)	14,661	-
Temporary Assistance for Needy Families	93.558	TANF-20	23,511	-
Temporary Assistance for Needy Families	93.558	TANF (2021)	9,564	-
Temporary Assistance for Needy Families	93.558	C028598 (2021)	48,762	-
Temporary Assistance for Needy Families	93.558	C028593 (2021)	63,678	-
Passed through the New York State Department of State:				
Community Services Block Grant - Workforce Development	93.569	T1001736 (2020)	50,000	-
Community Services Block Grant - Workforce Development	93.569	C1001451 (2020-2021)	81,609	-
Community Services Block Grant - Workforce Development	93.569	C1001451 (2019-2020)	153,183	-
Community Services Block Grant - Workforce Development	93.569	T1001784 (2020)	<u>50,521</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>5,582,439</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 Agriculture - passed through the New York State Department of Health:				
Child and Adult Care Food Program	10.558	1900 (2019-2020)	\$ 151,433	-
Child and Adult Care Food Program	10.558	1900 (2020-2021)	132,339	-
Child and Adult Care Food Program	10.558	1145 (2019-2020)	90,158	-
Child and Adult Care Food Program	10.558	1145 (2020-2021)	34,314	-
Total U.S. Department of Agriculture			<u>408,244</u>	<u>-</u>
U.S. Department of Justice:				
Office on Violence Against Women	16.588	2015-WL-AX-0027	3,405	-
Violence Against Women Formula Grants	16.588	2017-WR-AX-0001	289,832	-
Passed through the New York State Division of Criminal Justice Services - Violence Against Women Formula Grants	16.588	C652100-20	33,994	-
Total U.S. Department of Justice			<u>327,231</u>	<u>-</u>
U.S. Department of Housing and Urban Development:				
Supportive Housing Program	14.267	NY1061L2C011802	18,553	-
Supportive Housing Program	14.267	NY1061L2C011903	60,766	-
Passed through New York State Housing Trust Fund Corporation:				
Housing Counseling Assistance Program	14.169	HC200321002	3,442	-
Housing Counseling Assistance Program	14.169	HC190321038	10,328	-
Total U.S. Department of Housing and Urban Development			<u>93,089</u>	<u>-</u>
Total Federal Awards			<u>\$ 6,411,003</u>	<u>-</u>

See accompanying notes to schedule of expenditures of federal awards.

ACCORD CORPORATION  
Notes to Schedule of Expenditures of Federal Awards  
February 28, 2021

(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 28, 2021.

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 28, 2021, 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, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR 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 the Corporation's major federal program for the year ended February 28, 2021. The Corporation's major federal program is 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 the Corporation's major federal program 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 the 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 its major federal program for the year ended February 28, 2021.

### 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 its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its 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, 2021



ACCORD CORPORATION  
Schedule of Findings and Questioned Costs  
Year ended February 28, 2021

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</u> |    |
| Head Start   |       |     | Number      |    |
| Early Head Start   |       |     | 93.600      |    |
|  |       |     | 93.600      |    |
| 8. Dollar threshold used to distinguish between Type A and Type B programs.  |       |     | \$750,000   |    |
| 9. Auditee qualified as low-risk auditee?  | _x_   | Yes | _____       | No |

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 28, 2021

There were no audit findings with regard to the prior year financial statements (February 29, 2020).