

ACCORD CORPORATION
Financial Statements and
Supplementary Information
February 28, 2022 and 2021
(With Independent Auditors' Report Thereon)

ACCORD CORPORATION

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
ACCORD Corporation:

Report on the Audit of the Financial Statements

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Accord Corporation as of February 28, 2022 and 2021, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

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

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

Supplemental 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 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 1, 2022 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
July 1, 2022

ACCORD CORPORATION
 Statements of Financial Position
 February 28, 2022 and 2021

	<u>Assets</u>	<u>2022</u>	<u>2021</u>
Current assets:			
Cash - operating		\$ 537,380	780,797
Receivables		801,507	648,571
Prepaid expenses		<u>-</u>	<u>8,678</u>
Total current assets		<u>1,338,887</u>	<u>1,438,046</u>
Restricted deposits:			
Security deposits		2,827	2,825
Replacement and operating reserves		<u>15,803</u>	<u>13,832</u>
Total restricted deposits		<u>18,630</u>	<u>16,657</u>
Property and equipment, at cost:			
Buildings and improvements		1,780,240	1,745,029
Furniture and equipment		163,555	163,555
Construction in progress		<u>30,000</u>	<u>-</u>
		1,973,795	1,908,584
Less accumulated depreciation		<u>(747,900)</u>	<u>(672,218)</u>
Net property and equipment		<u>1,225,895</u>	<u>1,236,366</u>
Total assets		<u>\$ 2,583,412</u>	<u>2,691,069</u>
<u>Liabilities and Net Assets</u>			
Current liabilities:			
Accounts payable		83,082	168,815
Accrued expenses		232,371	245,455
Deferred revenue		362,948	285,061
Line of credit		<u>-</u>	<u>248,736</u>
Total current liabilities		678,401	948,067
Security deposits		<u>2,827</u>	<u>2,825</u>
Total liabilities		<u>681,228</u>	<u>950,892</u>
Net assets:			
Without donor restrictions		1,837,004	1,675,011
With donor restrictions		<u>65,180</u>	<u>65,166</u>
Total net assets		1,902,184	1,740,177
Contingency (note 9)		<u>-</u>	<u>-</u>
Total liabilities and net assets		<u>\$ 2,583,412</u>	<u>2,691,069</u>

See accompanying notes to financial statements.

ACCORD CORPORATION
 Statement of Activities
 Year ended February 28, 2022
 with comparative totals for 2021

	Without donor <u>restrictions</u>	With donor <u>restrictions</u>	<u>Total</u>	
			<u>2022</u>	<u>2021</u>
Revenue:				
Grants	\$ 6,557,765	-	6,557,765	7,255,971
In-kind revenue	1,487	-	1,487	5,268
Management fees	135,499	-	135,499	140,237
Program revenue	17,129	-	17,129	12,167
Other	28,420	858	29,278	22,648
Grant income - paycheck protection program	-	-	-	21,000
Net assets released from restriction	844	(844)	-	-
Total revenue	<u>6,741,144</u>	<u>14</u>	<u>6,741,158</u>	<u>7,457,291</u>
Expenses:				
Program services:				
Housing development	303,333	-	303,333	501,177
Youth services	66,361	-	66,361	98,233
Child care services	839,204	-	839,204	636,614
Infant and child care services	3,505,254	-	3,505,254	3,970,270
Business and community development	317,299	-	317,299	471,659
Family development	144,388	-	144,388	214,488
Domestic violence	253,726	-	253,726	442,594
Total program services	5,429,565	-	5,429,565	6,335,035
Management and general	1,149,586	-	1,149,586	986,984
Total expenses	<u>6,579,151</u>	<u>-</u>	<u>6,579,151</u>	<u>7,322,019</u>
Change in net assets	161,993	14	162,007	135,272
Net assets at beginning of year	<u>1,675,011</u>	<u>65,166</u>	<u>1,740,177</u>	<u>1,604,905</u>
Net assets at end of year	<u>\$ 1,837,004</u>	<u>65,180</u>	<u>1,902,184</u>	<u>1,740,177</u>

(Continued)

See accompanying notes to financial statements.

ACCORD CORPORATION
Statement of Activities
Year ended February 28, 2021

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenue:			
Grants	\$ 7,255,971	-	7,255,971
In-kind revenue	5,268	-	5,268
Management fees	140,237	-	140,237
Program revenue	12,167	-	12,167
Other	22,648	-	22,648
Grant income - paycheck protection program	21,000	-	21,000
Net assets released from restriction	58,014	(58,014)	-
Total revenue	<u>7,515,305</u>	<u>(58,014)</u>	<u>7,457,291</u>
Expenses:			
Program services:			
Housing development	501,177	-	501,177
Youth services	98,233	-	98,233
Child care services	636,614	-	636,614
Infant and child care services	3,970,270	-	3,970,270
Business and community development	471,659	-	471,659
Family development	214,488	-	214,488
Domestic violence	442,594	-	442,594
Total program services	<u>6,335,035</u>	-	<u>6,335,035</u>
Management and general	986,984	-	986,984
Total expenses	<u>7,322,019</u>	-	<u>7,322,019</u>
Change in net assets	193,286	(58,014)	135,272
Net assets at beginning of year	<u>1,481,725</u>	<u>123,180</u>	<u>1,604,905</u>
Net assets at end of year	<u>\$ 1,675,011</u>	<u>65,166</u>	<u>1,740,177</u>

See accompanying notes to financial statements.

ACCORD CORPORATION
Statement of Functional Expenses
Year ended February 28, 2022
with comparative totals for 2021

	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	Total program services		2022	2021
Salaries	\$ 88,626	36,356	267,335	1,964,719	144,439	78,798	130,775	2,711,048	478,685	3,189,733	3,455,508
Payroll taxes and employee benefits	53,114	16,557	61,285	648,734	21,404	16,891	61,833	879,818	151,262	1,031,080	1,030,061
Total salaries and related expenses	141,740	52,913	328,620	2,613,453	165,843	95,689	192,608	3,590,866	629,947	4,220,813	4,485,569
Professional fees	23,287	1,381	9,898	119,877	47,974	5,817	4,402	212,636	140,946	353,582	363,965
Participant expenses	62,226	28	401,562	-	59,442	20,388	4,584	548,230	33,034	581,264	942,610
Contractual	711	-	1,999	98,183	4,478	840	-	106,211	7,111	113,322	76,911
Food	-	-	-	163,344	1,177	66	219	164,806	1,508	166,314	216,142
Travel	2,537	553	4,179	43,546	70	656	572	52,113	1,146	53,259	88,341
Occupancy	32,049	6,207	29,704	90,130	14,494	5,379	24,701	202,664	77,215	279,879	232,839
Utilities	9,112	-	-	25,028	-	1,751	-	35,891	1,112	37,003	36,378
Supplies	14,057	2,343	49,161	121,777	13,372	6,574	11,243	218,527	31,413	249,940	319,204
Repairs and maintenance	12,874	-	-	5,048	1,318	5,010	2,560	26,810	74,479	101,289	146,914
Telephone and networking	-	61	7,327	83,452	2,119	1,360	8,004	102,323	26,711	129,034	120,022
Insurance	2,615	575	2,040	61,441	4,541	473	1,485	73,170	9,510	82,680	87,838
Copying and printing	-	1,822	1,842	7,668	-	112	915	12,359	3,721	16,080	17,921
Advertising	200	-	399	19,637	1,384	229	1,650	23,499	1,224	24,723	19,002
Dues and subscriptions	1,514	478	1,796	24,746	1,087	8	783	30,412	9,848	40,260	53,736
Interest	-	-	-	-	-	-	-	-	2,868	2,868	7,252
In-kind expense professional	-	-	-	1,487	-	-	-	1,487	-	1,487	5,268
Other	411	-	677	26,437	-	36	-	27,561	22,111	49,672	28,847
Total expenses before depreciation	303,333	66,361	839,204	3,505,254	317,299	144,388	253,726	5,429,565	1,073,904	6,503,469	7,248,759
Depreciation	-	-	-	-	-	-	-	-	75,682	75,682	73,260
Total expenses	<u>\$ 303,333</u>	<u>66,361</u>	<u>839,204</u>	<u>3,505,254</u>	<u>317,299</u>	<u>144,388</u>	<u>253,726</u>	<u>5,429,565</u>	<u>1,149,586</u>	<u>6,579,151</u>	<u>7,322,019</u>

(Continued)

See accompanying notes to financial statements.

ACCORD CORPORATION
Statement of Functional Expenses
Year ended February 28, 2021

	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	\$ 172,064	57,470	201,290	2,247,504	74,641	40,446	187,466	2,980,881	474,627	3,455,508
Payroll taxes and employee benefits	<u>53,114</u>	<u>16,557</u>	<u>61,285</u>	<u>648,734</u>	<u>21,404</u>	<u>16,891</u>	<u>61,833</u>	<u>879,818</u>	<u>150,243</u>	<u>1,030,061</u>
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
Professional fees	17,581	6,426	3,959	91,113	31,894	1,997	138,424	291,394	72,571	363,965
Participant expenses	179,593	-	314,255	2,437	291,606	136,279	3,686	927,856	14,754	942,610
Contractual	1,065	623	-	67,524	2,635	1,136	534	73,517	3,394	76,911
Food	-	742	-	194,025	2,603	1,414	178	198,962	17,180	216,142
Travel	850	-	3,194	74,362	1,053	844	5,192	85,495	2,846	88,341
Occupancy	23,997	9,762	14,362	84,798	282	1,523	23,326	158,050	74,789	232,839
Utilities	7,926	-	-	23,103	-	1,832	-	32,861	3,517	36,378
Supplies	14,657	1,078	22,954	204,056	39,183	5,052	4,323	291,303	27,901	319,204
Repairs and maintenance	10,242	-	-	126,442	-	3,014	-	139,698	7,216	146,914
Telephone and networking	5,242	4,408	9,861	78,513	4,009	1,677	2,823	106,533	13,489	120,022
Insurance	8,450	500	1,500	65,904	500	500	6,395	83,749	4,089	87,838
Copying and printing	102	-	1,965	10,482	-	193	3,611	16,353	1,568	17,921
Advertising	466	145	-	10,028	1,500	1,680	2,903	16,722	2,280	19,002
Dues and subscriptions	5,716	522	1,969	35,977	349	10	1,263	45,806	7,930	53,736
Interest	-	-	-	-	-	-	-	-	7,252	7,252
In-kind expense professional	-	-	-	5,268	-	-	-	5,268	-	5,268
Other	<u>112</u>	<u>-</u>	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>637</u>	<u>769</u>	<u>28,078</u>	<u>28,847</u>
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
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,260</u>	<u>73,260</u>
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>

See accompanying notes to financial statements.

ACCORD CORPORATION
Statements of Cash Flows
Years ended February 28, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 162,007	135,272
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	75,682	73,260
Change in allowance for bad debts	-	16,400
Changes in:		
Receivables	(152,936)	(141,745)
Prepaid expenses	8,678	(8,678)
Accounts payable	(85,733)	(4,140)
Accrued expenses	(13,084)	41,257
Deferred revenue	<u>77,887</u>	<u>214,415</u>
Net cash provided by operating activities	72,501	326,041
Cash flows from investing activities - additions to property and equipment	<u>(65,211)</u>	<u>(42,498)</u>
Cash flows from financing activities:		
Proceeds from line of credit	-	248,736
Repayment of line of credit	<u>(248,736)</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>(248,736)</u>	<u>248,736</u>
Net change in cash and equivalents	(241,446)	532,279
Cash and equivalents at beginning of year	<u>794,629</u>	<u>262,350</u>
Cash and equivalents at end of year	<u>\$ 553,183</u>	<u>794,629</u>
Supplemental schedule of cash flow information:		
Cash paid for interest	<u>\$ 2,868</u>	<u>7,252</u>
Classification of cash and equivalents:		
Operating	537,380	780,797
Replacement and operating reserves	<u>15,803</u>	<u>13,832</u>
	<u>\$ 553,183</u>	<u>794,629</u>

See accompanying notes to financial statements.

ACCORD CORPORATION
Notes to Financial Statements
February 28, 2022 and 2021

(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 the accounts exceed the federally insured deposit amount, 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, 2022 and 2021, 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) Contracts with Customers

Under Accounting Standards Update (ASU) No. 2014-09 (Topic 606) - Revenue from Contracts with Customers, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Corporation expects to be entitled in exchange for these goods or services. The Corporation utilizes a five-step framework as identified in ASU No. 2014-09. The primary sources of revenue from contracts with customers for the Corporation are as follows:

ACCORD CORPORATION
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(k) Contracts with Customers, Continued

Management fee revenue consists of a single performance obligation. Revenue is recognized ratably on a monthly basis as the service is provided.

Factors that could impact the nature, amount, timing and uncertainty of revenue or cash flow of the Corporation include, enrollment, staffing, and COVID-19. Revenues from contracts with customers received in advance are deferred and recognized once earned.

Billings, cash collections and timing of revenue recognition can result in contract assets and liabilities on the balance sheet. The Corporation receives payments from customers, before revenue is recognized, resulting in deferred revenue. These deposits are liquidated when revenue is recognized.

At February 28, 2022 and 2021, and February 29, 2020, there were no outstanding receivables or deferred revenue from contracts with customers.

(l) Deferred Revenue

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.

(m) 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 \$530,399 and \$357,899 were recorded during the years ended February 28, 2022 and 2021, 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:

ACCORD CORPORATION
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(m) Donated Materials, Food, Supplies and Personal Services, Continued

	<u>2022</u>	<u>2021</u>
Donated professional goods and services recognized	\$ 1,487	5,268
Donated non-professional goods and services not recognized	<u>528,912</u>	<u>352,631</u>
Total professional goods and services	\$ <u>530,399</u>	<u>357,899</u>

(n) 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.

(o) 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.

(p) 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.

(q) 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.

(r) Risk and Uncertainties

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences on a national, regional and local level are unknown, but have 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.

ACCORD CORPORATION
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(s) 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.

(2) Liquidity

The Corporation has \$1,273,707 of financial assets available within one year of the statement of financial position consisting of \$472,200 operating cash and \$801,507 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 2022 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.

ACCORD CORPORATION
Notes to Financial Statements, Continued

(4) Restricted Deposits

Restricted deposits at February 28, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Security deposits as required per the regulatory agreement with New York State Homeless Housing and Assistance Corporation (NYSHHAC).	\$ 2,827	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, 2022, the reserve for replacements was adequately funded.	3,682	3,205
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, 2022, the operating reserve was adequately funded.	<u>12,121</u>	<u>10,627</u>
Total restricted deposits	\$ <u>18,630</u>	<u>16,657</u>

(5) Deferred Revenue

Deferred revenue amounted to \$362,948 and \$285,061 at February 28, 2022 and 2021, 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, 2022). The line is guaranteed by the Genesee Valley Improvement Corporation (GVIC). GVIC and the Corporation share a common board member. At February 28, 2022, there was no outstanding balance. At February 28, 2021, the outstanding balance is \$248,736

(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.

ACCORD CORPORATION
Notes to Financial Statements, Continued

(7) Retirement Plan, Continued

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, 2022 and 2021 amounted to \$102,421 and \$106,912, respectively.

(8) Management Services

For the years ended February 28, 2022 and 2021, GVIC paid \$36,000, to the Corporation related to an agreement for management services. In addition, during the years ended February 28, 2022 and 2021, the Corporation guaranteed \$145,965 and \$167,726, respectively, of debt for GVIC. The Corporation leases various properties from GVIC. Rental expense related to these leases amounted to \$253,983 and \$207,503 for the years ended February 28, 2022 and 2021, 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, 2022 and 2021.

(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, 2022 and 2021, 57% of the Corporation's total revenue was derived from one source.

ACCORD CORPORATION
Notes to Financial Statements, Continued

(11) Net Assets With Donor Restrictions

Net assets with donor restrictions of \$65,180 and \$65,166 at February 28, 2022 and 2021, 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 has forgiven the loan. The forgiveness of the loan is recorded in the statement of activities for the year ended February 28, 2021.

ACCORD CORPORATION
Schedule of Expenditures of Federal Awards
Year ended February 28, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass Through Grantors' Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Recipients</u>
U.S. Department of Health and Human Services:				
Head Start Cluster:				
Head Start	93.600	02CH011624-02 (2021-2022)	\$ 1,688,357	-
Early Head Start	93.600	02CH011624-02 (2021-2022)	1,934,433	-
Head Start/Early Head Start - Cares Covid	93.600	02HE000188-01-C5 and C6	214,157	-
Passed through the New York State Office of Children and Family Services:			<u>3,836,947</u>	<u>-</u>
Child Care and Development Block Grant	93.575	2309 (2021)	97,181	-
Child Care and Development Block Grant	93.575	2309 (2022)	11,059	-
Child Care and Development Block Grant	93.575	T012498 (2020-2021)	209,315	-
Child Care and Development Block Grant	93.575	C028246 (2020-2021)	28,358	-
Child Care and Development Block Grant	93.575	C028246 (2021-2022)	43,328	-
Child Care and Development Block Grant	93.575	C028246 (2020-2021)	87,937	-
Child Care and Development Block Grant	93.575	C028246 (2021-2022)	107,514	-
Child Care Stabilization Grant	93.575	A-4875	170	-
Child Care Stabilization Grant	93.575	A-4279	17	-
Child Care Stabilization Grant	93.575	T012663	41,971	-
			<u>626,850</u>	<u>-</u>
Family Violence Prevention and Services	93.671	C027478 (2020-2021)	62,633	-
Family Violence Prevention and Services	93.671	C028818 (2020-2021)	7,909	-
Family Violence Prevention and Services	93.671	C028818 (2021-2022)	53,871	-
Family Violence Prevention and Services	93.671	n/a	360	-
Family Violence Prevention and Services	94.671	T012428 (2020-2021)	5,339	-
Family Violence Prevention and Services	94.671	C028818 (2020-2021 Additional)	6,000	-
			<u>136,112</u>	<u>-</u>
Preschool Development Grant	93.434	-2021	3,000	-
Preschool Development Grant	93.434	-2022	725	-
			<u>3,725</u>	<u>-</u>
Temporary Assistance for Needy Families	93.558	TANF (2021)	15,436	-
Temporary Assistance for Needy Families	93.558	TANF (2022)	3,000	-
Transportation Initiative Program	93.558	n/a	13,740	-
			<u>32,176</u>	<u>-</u>
Passed through the New York State Department of State:				
Community Services Block Grant - Workforce Development	93.569	C1001451 (2020-2021)	157,675	-
Community Services Block Grant - Workforce Development	93.569	C1001451 (2021-2022)	47,330	-
Community Services Block Grant - Workforce Development	93.569	T1001784 (2020-2022)	131,814	-
			<u>336,819</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>4,972,629</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>Assistance Listing 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 (2020-2021)	\$ 164,578	-
Child and Adult Care Food Program	10.558	1900 (2021)	17,637	-
Child and Adult Care Food Program	10.558	1900 (2021-2022)	38,587	-
Child and Adult Care Food Program	10.558	1145 (2020-2021)	58,057	-
Child and Adult Care Food Program	10.558	1145 (2021)	<u>1,507</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>280,366</u>	<u>-</u>
U.S. Department of Justice:				
Office for the Prevention of Domestic Violence	16.575	PDV01-C00052GG-1310000 (2020-2021)	17,951	-
Office for the Prevention of Domestic Violence	16.575	PDV01-C00052GG-1310000 (2021-2022)	12,111	-
Office of Victims Services Grant	16.575	T012551 (2021)	<u>32,272</u>	<u>-</u>
			<u>62,334</u>	<u>-</u>
Office on Violence Against Women	16.524	2015-WL-AX-0027	<u>2,613</u>	<u>-</u>
Violence Against Women Formula Grants	16.588	DCJ01-C00257GG-1090000 (2022)	6,472	-
Passed through the New York State Division of Criminal Justice Services:				
Violence Against Women Formula Grants	16.588	C652100 (2021)	<u>50,000</u>	<u>-</u>
			<u>56,472</u>	<u>-</u>
Total U.S. Department of Justice			<u>121,419</u>	<u>-</u>
U.S. Department of Housing and Urban Development:				
HOME Investment Partnership Program	14.239	20193061	<u>8,553</u>	<u>-</u>
HUD Emergency Solutions	14.228	n/a	<u>36,911</u>	<u>-</u>
Supportive Housing Program	14.267	NY1061L2C012004	33,406	-
Supportive Housing Program	14.267	NY1061L2C011903	<u>21,656</u>	<u>-</u>
			<u>55,062</u>	<u>-</u>
Fund Corporation - Housing Counseling Assistance Program	14.169	HC200321002	<u>8,634</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>109,160</u>	<u>-</u>
Total Federal Awards			<u>\$ 5,483,574</u>	

See accompanying notes to schedule of expenditures of federal awards.

ACCORD CORPORATION
Notes to Schedule of Expenditures of Federal Awards
February 28, 2022

(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 Assistance Listing number advised by the pass-through grantor.

Identifying numbers, other than Assistance Listing 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 years ended February 28, 2022 and 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, 2022, 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 July 1, 2022.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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
July 1, 2022

**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

Opinion on Each Major Federal Program

We have audited ACCORD Corporation's (the Corporation) compliance with the types of compliance identified as subject to audit 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 28, 2022. The Corporation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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 28, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Corporation's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

EFPR Group, CPAs, PLLC

Williamsville, New York
July 1, 2022

ACCORD CORPORATION
Schedule of Findings and Questioned Costs
Year ended February 28, 2022

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?	_____	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?	_____	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>Assistance Listing Number</u>		
Head Start		93.600		
Early Head Start		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, 2022

There were no audit findings with regard to the prior year financial statements (February 28, 2021).