

**ALBANY COUNTY
OPPORTUNITY, INC. AND SUBSIDIARIES**

AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND
REPORTS REQUIRED UNDER THE SINGLE AUDIT ACT

Years ended February 28, 2021 and February 29, 2020

ALBANY COUNTY OPPORTUNITY, INC. AND SUBSIDIARIES

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses	5
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8
Supplementary Information	
Consolidating Statement of Financial Position	19
Consolidating Statement of Activities	20
Reconciliation of Grant Expenses to Consolidated Statement of Functional Expenses	21
Schedule of Expenditures of Federal Awards	22
Notes to Schedule of Expenditures of Federal Awards	23
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	24
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	26
Schedule of Findings and Questioned Costs	28

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Albany County Opportunity, Inc. and Subsidiaries

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Albany County Opportunity, Inc. (d/b/a Albany Community Action Partnership) and Subsidiaries (a Not-for-Profit Entity), which comprise the consolidated statements of financial position as of February 28, 2021 and February 29, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Albany County Opportunity, Inc. and Subsidiaries as of February 28, 2021 and February 29, 2020 and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary and Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position, activities, and reconciliation of grant expenses to consolidated statement of functional expenses on pages 19 through 21 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards on page 22, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 14, 2021, on our consideration of Albany County Opportunity, Inc. and Subsidiaries' 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 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 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 Albany County Opportunity, Inc. and Subsidiaries' internal control over financial reporting and compliance.

UHY LLP

Albany, New York
July 14, 2021

ALBANY COUNTY OPPORTUNITY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
February 28, 2021 and February 29, 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 5,356,255	\$ 2,895,054
Contracts and grants receivable	1,271,750	1,293,875
Inventory	35,255	29,148
Prepaid expenses	8,792	153,578
	<u>6,672,052</u>	<u>4,371,655</u>
Total current assets		
INVESTMENTS, at fair value	<u>1,141,319</u>	<u>1,301,152</u>
PROPERTY AND EQUIPMENT, net	<u>1,501,836</u>	<u>1,562,569</u>
OTHER ASSETS		
Security deposits and other	18,647	18,647
	<u>18,647</u>	<u>18,647</u>
Total other assets		
Total assets	<u><u>\$ 9,333,854</u></u>	<u><u>\$ 7,254,023</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 126,196	\$ 75,632
Accrued payroll and vacation	514,378	425,692
Accrued expenses	249,548	176,802
Deferred revenue	281,735	251,831
Other postemployment benefit obligation, current portion	9,023	8,960
Note payable, current portion	33,863	29,781
Paycheck Protection Program loan, current portion	325,566	-
	<u>1,540,309</u>	<u>968,698</u>
Total current liabilities		
Other postemployment benefit obligation, net of current portion	70,731	80,259
Note payable, net of current portion	945,393	982,439
Paycheck Protection Program loan, net of current portion	963,231	-
	<u>1,979,355</u>	<u>1,062,698</u>
Total long-term liabilities		
Total liabilities	<u>3,519,664</u>	<u>2,031,396</u>
NET ASSETS		
Without donor restriction		
Undesignated	4,021,337	3,578,468
Invested in property and equipment	1,501,836	1,562,569
Board designated for program support	18,537	18,537
With donor restriction	272,480	63,053
	<u>5,814,190</u>	<u>5,222,627</u>
Total net assets		
Total liabilities and net assets	<u><u>\$ 9,333,854</u></u>	<u><u>\$ 7,254,023</u></u>

See notes to consolidated financial statements.

ALBANY COUNTY OPPORTUNITY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended February 28, 2021 and February 29, 2020

	<u>2021</u>	<u>2020</u>
Revenues, Gains and Other Support Without Donor Restrictions		
Program service revenue	\$ 8,630,741	\$ 9,669,719
Contributions	56,877	197,909
In-kind revenue	588,158	794,476
Investment income	112,259	83,104
Other revenue	336,776	414,312
Net assets released from restrictions:		
Satisfaction of program restrictions	200	129
	<u>9,725,011</u>	<u>11,159,649</u>
Expenses		
Program services	7,962,266	9,446,300
Management and general	1,380,082	1,178,278
Other	527	539
	<u>9,342,875</u>	<u>10,625,117</u>
Change in Net Assets Without Donor Restrictions	<u>382,136</u>	<u>534,532</u>
Contributions	209,627	10,574
Net assets released from restrictions	(200)	(129)
Change in Net Assets With Donor Restrictions	<u>209,427</u>	<u>10,445</u>
Change in Net Assets	<u>591,563</u>	<u>544,977</u>
Net Assets at Beginning of Year	<u>5,222,627</u>	<u>4,677,650</u>
Net Assets at End of Year	<u><u>\$ 5,814,190</u></u>	<u><u>\$ 5,222,627</u></u>

See notes to consolidated financial statements.

ALBANY COUNTY OPPORTUNITY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended February 28, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	Program Services				Support Services	Subsidiaries	Total	
	Early Childhood Education	Community and Career Services	Weatherization Programs	Total Program Services	Management and General		2021	2020
Payroll and Related Benefits								
Salaries	\$ 3,826,650	\$ 503,041	\$ 231,957	\$ 4,561,648	\$ 901,293	\$ -	\$ 5,462,941	\$ 5,431,441
Fringe benefits	796,197	106,436	65,919	968,552	115,109	-	1,083,661	1,476,834
Total payroll and related benefits	4,622,847	609,477	297,876	5,530,200	1,016,402	-	6,546,602	6,908,275
Occupancy	543,726	63,942	37,147	644,815	20,167	-	664,982	671,249
Travel	8,208	2,905	24,161	35,274	64	-	35,338	53,856
Materials and supplies	447,885	5,515	92,533	545,933	15,817	-	561,750	1,014,551
In-kind expenses	518,345	69,813	-	588,158	-	-	588,158	794,476
Contractual and other support services	367,044	75,310	116,184	558,538	290,674	527	849,739	1,088,171
Funded depreciation	59,348	-	-	59,348	-	-	59,348	59,349
Total other expenses	1,944,556	217,485	270,025	2,432,066	326,722	527	2,759,315	3,681,652
Total expenses before depreciation	6,567,403	826,962	567,901	7,962,266	1,343,124	527	9,305,917	10,589,927
Depreciation	-	-	-	-	36,958	-	36,958	35,190
Total expenses	\$ 6,567,403	\$ 826,962	\$ 567,901	\$ 7,962,266	\$ 1,380,082	\$ 527	\$ 9,342,875	\$ 10,625,117

See notes to consolidated financial statements.

ALBANY COUNTY OPPORTUNITY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended February 29, 2020

	Program Services			Support Services		Subsidiaries	2020
	Early Childhood Education	Community and Career Services	Weatherization Programs	Total Program Services	Management and General		
Payroll and Related Benefits							
Salaries	\$ 3,906,957	\$ 565,532	\$ 297,562	\$ 4,770,051	\$ 661,390	\$ -	\$ 5,431,441
Fringe benefits	1,030,272	150,103	97,465	1,277,840	198,994	-	1,476,834
Total payroll and related benefits	4,937,229	715,635	395,027	6,047,891	860,384	-	6,908,275
Occupancy	549,191	75,683	29,912	654,786	16,463	-	671,249
Travel	13,578	2,784	35,558	51,920	1,936	-	53,856
Materials and supplies	569,414	8,802	425,447	1,003,663	10,888	-	1,014,551
In-kind expenses	718,970	75,506	-	794,476	-	-	794,476
Contractual and other support services	279,055	108,958	446,202	834,215	253,417	539	1,088,171
Funded depreciation	59,349	-	-	59,349	-	-	59,349
Total other expenses	2,189,557	271,733	937,119	3,398,409	282,704	539	3,681,652
Total expenses before depreciation	7,126,786	987,368	1,332,146	9,446,300	1,143,088	539	10,589,927
Depreciation	-	-	-	-	35,190	-	35,190
Total expenses	\$ 7,126,786	\$ 987,368	\$ 1,332,146	\$ 9,446,300	\$ 1,178,278	\$ 539	\$ 10,625,117

See notes to consolidated financial statements.

ALBANY COUNTY OPPORTUNITY, INC. AND SUBSIDIARIES
CONSOLIDATED 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	\$ 591,563	\$ 544,977
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	96,306	94,539
Realized and unrealized gain on investments	(64,133)	(42,543)
Changes in:		
Contracts and grants receivable	22,125	195,021
Inventory	(6,107)	1,843
Prepaid expenses	144,786	(143,535)
Security deposits	-	(3,873)
Accounts payable	50,564	25,439
Accrued payroll and vacation	88,686	(210,634)
Accrued expenses	72,746	(108,710)
Deferred revenue	29,904	72,943
Other postemployment benefit obligation	(9,465)	3,327
Net cash provided by operating activities	<u>1,016,975</u>	<u>428,794</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	264,000	1,972,342
Purchases of investments	(40,034)	(2,018,719)
Purchase of property and equipment	(35,573)	(13,050)
Net cash provided by (used in) investing activities	<u>188,393</u>	<u>(59,427)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	1,288,797	-
Payments on note payable	(32,964)	(23,248)
Net cash provided by (used in) financing activities	<u>1,255,833</u>	<u>(23,248)</u>
Net increase in cash and cash equivalents	2,461,201	346,119
Cash and cash equivalents:		
Beginning of year	<u>2,895,054</u>	<u>2,548,935</u>
End of year	<u>\$ 5,356,255</u>	<u>\$ 2,895,054</u>
SUPPLEMENTAL SCHEDULE OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 43,880</u>	<u>\$ 44,855</u>

See notes to consolidated financial statements.

ALBANY COUNTY OPPORTUNITY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
February 28, 2021 and February 29, 2020

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Albany County Opportunity, Inc. (ACOI) (d/b/a Albany Community Action Partnership) was incorporated on August 1, 1966 under Section 201 of the not-for-profit law of the State of New York. The tax exempt purposes are: to eliminate and prevent poverty; to open opportunities for education, training and work, and to provide the opportunity to live in decency and dignity; to assist and encourage the raising of the moral and educational standards of the youth and citizens of the County; and to assist other organizations dedicated to the same or similar purposes.

The following are wholly-owned subsidiaries of ACOI:

- Capital Works, LLC provides complete staffing and job placement services to capital region human service organizations.
- Lexington Project, LLC was organized to acquire property.
- Career Links Creating Opportunities That Last, Inc. (inactive since March 2013).

Principles of Consolidation

The consolidated financial statements include the accounts of ACOI and the Subsidiaries (collectively, the Organization). All significant intercompany accounts and transactions have been eliminated.

Basis of Accounting

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

Basis of Presentation

The Organization is required to report information regarding their financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions – Net assets resulting from revenues whose use by ACOI is not subject to donor-imposed restrictions.

Net assets with donor restrictions – Net assets resulting from revenues whose use by ACOI is limited by donor-imposed stipulations that either expire by passage of time or when the stipulations have been fulfilled.

When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restriction.

Estimates

The preparation of consolidated financial statements in conformity 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.

ALBANY COUNTY OPPORTUNITY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
February 28, 2021 and February 29, 2020

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Organization considers all highly liquid investments purchased with a maturity of three months or less, including overnight repurchase agreements, to be cash equivalents.

Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. ACOI uses the direct write-off method of accounting for bad debts. Management believes any allowance for bad debts would be immaterial.

Capitalization and Depreciation

Property and equipment are recorded at cost or fair value at the date of the gift in the case of donated equipment. 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, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the consolidated statements of activities.

Certain capitalized property and equipment are funded by federal expenditures.

Depreciation is computed on the straight-line method over the estimated useful lives of the underlying assets as follows:

	<u>Years</u>
Buildings and improvements	5 – 39.5
Vehicles and equipment	5 - 7

Depreciation expense for the years ended February 28, 2021 and February 29, 2020 was \$96,306 and \$94,539, respectively.

Revenue Recognition and Deferred Revenue

In accordance with ASC 958 and the clarified guidance under Accounting Standards Update (“ASU”) 2018-08, ACOI evaluates the characteristics of each grant award and determines if the grant is a contribution to ACOI or an exchange transaction between the resource provider and ACOI based on the criteria contained in the grant award. Awards accounted for as contributions are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Amounts received in which conditions have not been met are reflected as deferred revenue.

Unconditional contributions are recognized as revenue when received. Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as revenues, gains, and other support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. 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.

ALBANY COUNTY OPPORTUNITY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
February 28, 2021 and February 29, 2020

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition and Deferred Revenue (Continued)

Revenue for grants or other services accounted for as exchange transactions is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in advance are recorded in the consolidated statements of financial position as deferred revenue.

ACOI generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist ACOI with specific assistance programs.

Donated services are recognized as contributions in accordance with U.S. generally accepted accounting principles if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by ACOI.

ACOI also utilizes space owned by other unrelated organizations to provide services.

The value of donated services and facilities that are included in the financial statements as in-kind revenue and the corresponding expenses for the years ended February 28, 2021 and February 29, 2020 are \$588,158 and \$794,476, respectively.

Promises to Give

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. 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. When a restriction expires, that is, when a stipulated time restriction ends or purpose is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Expense Allocation

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

Inventories

Inventories, which consist primarily of program supplies and materials, are valued at the lower of cost or net realizable value. Cost is determined on the first-in, first-out method.

Indirect Cost Rate

The Organization 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. The indirect cost allocation plan for the years ended February 28, 2021 and February 29, 2020 was approved by the ACOI's federal cognizant organization, with a proposed indirect cost rate. The provisional indirect cost rate for the year ended February 28, 2021 was 12.8% and the actual indirect cost rate for the year ended February 29, 2020 was 12.6%.

ALBANY COUNTY OPPORTUNITY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
February 28, 2021 and February 29, 2020

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

The Organization has evaluated events after February 28, 2021, and through July 14, 2021, which is the date the consolidated financial statements were available to be issued.

Risks and Uncertainties

Many uncertainties still exist regarding the current coronavirus ("COVID-19") pandemic, and ACOI is closely monitoring the continued impact of the COVID-19 pandemic on all aspects of its operations, including how it will impact its programs and the individuals and communities it serves as well as the impact on its employees, grantors and contributors, and vendors. During the year ended February 28, 2021, impacts of the COVID-19 pandemic include, but are not limited to, decreases in program service revenues and related program services expenses due to reductions and delays in certain program services. Management believes the Organization is taking appropriate actions to mitigate the negative impact, including pursuing economic relief options under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and additional COVID-19 funding available from its various granting agencies and other sources.

Management is unable to predict the ongoing impact that COVID-19 will have on its financial position and operating results due to numerous uncertainties, and as the pandemic continues, it may have an adverse effect on ACOI's results of operations, financial condition, or liquidity.

Income Taxes

ACOI is exempt from federal income taxes as a not-for-profit corporation under tax Section 501(c)(3) as determined by the Internal Revenue Code. In addition, ACOI qualifies for charitable contribution deductions and has been classified as an organization other than a private foundation. Under ASC Section 740, the tax status of tax-exempt entities is an uncertain tax position, since events could potentially occur that jeopardize tax-exempt status. ACOI management is not aware of any events that could jeopardize tax exempt status. Therefore, no liability or provision for income tax has been reflected in the financial statements.

Capital Works, LLC and Lexington Project, LLC are limited liability companies. Management is not aware of any uncertain tax positions for Capital Works, LLC and Lexington Project, LLC as of February 28, 2021 and February 29, 2020.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board issued guidance under Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers*, which replaces substantially all of the guidance previously used to account for various arrangements with a single comprehensive five-step revenue recognition model, the objective of which is to align the recognition of revenue with the transfer of promised goods or services provided to customers in an amount that reflects the consideration which ACOI expects to be entitled in exchange for those goods or services. The new standard does not address contributions, which are accounted for under other standards.

In May 2020, the effective date of this standard for non-public entities that have not yet issued financial statements or made them available for issuance was deferred to fiscal years beginning after December 15, 2019, which corresponds to ACOI's fiscal year 2021. Generally, ACOI's contracts with customers contain only one performance obligation and are recognized at a point in time or over time when goods and services are provided to customers. ACOI determines the transaction price based on standard charges for goods and services provided. As such, the adoption of this standard during the year ended February 28, 2021 did not have a material effect on the consolidated financial statements.

ALBANY COUNTY OPPORTUNITY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
February 28, 2021 and February 29, 2020

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain items in the prior year financial statements have been reclassified to conform to the current year presentation.

NOTE 2 — CONCENTRATION OF CREDIT RISK

Cash and Cash Equivalents

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash and cash equivalent accounts in financial institutions. Although the accounts exceed the federally insured deposit amount, management does not anticipate nonperformance by the financial institution.

Revenue and Receivables

The Organization provides social services primarily in Albany County of the State of New York. A substantial portion of the Organization's revenue is derived from and receivables are due from Federal and New York State governmental agencies.

NOTE 3 — LAND, BUILDINGS AND EQUIPMENT, NET

A summary of ACOI's land, buildings, equipment, net, is as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 146,363	\$ 146,363
Equipment and vehicles	538,081	502,507
Buildings and improvements	<u>1,855,159</u>	<u>1,855,159</u>
Subtotal	2,539,603	2,504,029
Less accumulated depreciation	<u>1,037,767</u>	<u>941,460</u>
Land, buildings and equipment, net	<u>\$ 1,501,836</u>	<u>\$ 1,562,569</u>

NOTE 4 — INVESTMENTS

Fair Value Measurements

ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value. ASC 820 establishes a three-level hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels are described as follows:

- Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

ALBANY COUNTY OPPORTUNITY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
February 28, 2021 and February 29, 2020

NOTE 4 — INVESTMENTS (Continued)

Fair Value Measurements (Continued)

- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used:

The mutual fund investments are traded in public markets and are valued at their closing prices on the last day of the fiscal year. Investments in certificates of deposits are based on prices obtained from pricing services using primarily matrix pricing, which considers observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury Yield Curve, credit information, and the bonds terms and conditions, among other inputs. There have been no changes in the methodologies used at February 28, 2021 and February 29, 2020.

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

Fair values of assets measured on a recurring basis are as follows:

	February 28, 2021			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds	\$ 1,054,044	\$ 1,054,044	\$ -	\$ -
Certificates of Deposits	87,275	-	87,275	-
Total Investments	<u>\$ 1,141,319</u>	<u>\$ 1,054,044</u>	<u>\$ 87,275</u>	<u>\$ -</u>

	February 29, 2020			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds	\$ 949,020	\$ 949,020	\$ -	\$ -
Certificates of Deposits	352,132	-	352,132	-
Total Investments	<u>\$ 1,301,152</u>	<u>\$ 949,020</u>	<u>\$ 352,132</u>	<u>\$ -</u>

ALBANY COUNTY OPPORTUNITY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
February 28, 2021 and February 29, 2020

NOTE 4 — INVESTMENTS (Continued)

Fair Value Measurements (Continued)

The following schedule summarizes investment income for the years ended February 28, 2021 and February 29, 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 48,126	\$ 40,561
Net realized and unrealized gains	64,133	42,543
Total	<u>\$ 112,259</u>	<u>\$ 83,104</u>

NOTE 5 — CONTRACTS AND GRANTS RECEIVABLE

Contracts and grant receivables represent the amounts due from funding sources for expenditures incurred or services rendered in excess of payments received. The following details the grants and contracts receivable as of February 28, 2021 and February 29, 2020:

	<u>2021</u>	<u>2020</u>
Federal Grants	\$ 895,194	\$ 724,451
State and Local Grants	339,788	480,366
Non-Governmental Sources	36,768	89,058
Total	<u>\$ 1,271,750</u>	<u>\$ 1,293,875</u>

NOTE 6 — LINE OF CREDIT

The Organization has a revolving \$500,000 line of credit available with a local bank to meet the cash flow needs of the Organization. The line of credit provides for interest at the bank's prime rate (3.25% and 4.75% at February 28, 2021 and February 29, 2020, respectively). There was no outstanding balance on the line of credit as of February 28, 2021 and February 29, 2020.

NOTE 7 — ACCRUED VACATION TIME

The Organization provides paid vacation leave for eligible employees. Unused vacation leave is vested and paid to an employee upon separation from the Organization. As of February 28, 2021 and February 29, 2020, accrued vacation leave amounted to \$96,115 and \$97,141, respectively. Vacation leave is the only vested compensated absence benefit provided to current employees.

NOTE 8 — DEFERRED REVENUE

Deferred revenue amounted to \$281,735 and \$251,831 at February 28, 2021 and February 29, 2020, respectively. These amounts represent cash provided to the Organization in advance of when services are provided or conditions have been met in order to provide working capital for the operation of the various programs of the Organization.

ALBANY COUNTY OPPORTUNITY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
February 28, 2021 and February 29, 2020

NOTE 9 — NET ASSETS

Net assets without donor restrictions are comprised of the following:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 4,021,337	\$ 3,578,468
Invested in property and equipment	1,501,836	1,562,569
Board designated for program support		
Sheridan and Ontario property improvements	17,138	17,138
Assets for independence program	1,399	1,399
Total board designated	<u>18,537</u>	<u>18,537</u>
Net assets without donor restrictions	<u>\$ 5,541,710</u>	<u>\$ 5,159,574</u>

Net assets with donor restrictions are available for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
Various program activities	\$ 272,480	\$ 63,053
Net assets with donor restrictions	<u>\$ 272,480</u>	<u>\$ 63,053</u>

NOTE 10 — RETIREMENT PLAN

The Organization maintains a tax deferred annuity plan (the Plan) covering substantially all employees. The Organization contributes 3% of each eligible employee's gross salary to the Plan. Employer contributions to the Plan amounted to approximately \$128,000 and \$127,000 for the years ended February 28, 2021 and February 29, 2020, respectively. It is the Organization's policy to fund the Plan currently.

NOTE 11 — POSTEMPLOYMENT HEALTH CARE BENEFITS

The Organization provides health insurance coverage to a retired employee. Postemployment health care benefits paid were \$8,239 and \$8,747 for the years ended February 28, 2021 and February 29, 2020, respectively. An estimated liability of approximately \$80,000 was reported as other postemployment benefit obligation in the consolidated statement of financial position at February 28, 2021 (approximately \$89,000 at February 29, 2020).

NOTE 12 — NOTE PAYABLE

The Organization had a 5-year mortgage loan with KeyBank bearing interest at the Key Cost of Funds rate plus 3.25% which required monthly payments of principal and interest in the amount of \$6,323 with a principal balloon payment of \$1,012,220 due in December 2019.

ALBANY COUNTY OPPORTUNITY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
February 28, 2021 and February 29, 2020

NOTE 12 — NOTE PAYABLE (Continued)

On February 28, 2020, the KeyBank agreement was amended and restated, with the maturity date for the outstanding \$1,012,220 principal balance extended to March 1, 2030. The amended loan bears interest at a fixed rate of 4.33% per annum for the first 61 months and will then adjust to a rate equal to 210 basis points per annum above the then current Key Cost of Funds rate. Commencing on April 1, 2020, the loan requires monthly payments of principal and interest in the amount of \$6,345 based on a 20-year amortization period, with a principal balloon payment of approximately \$618,000 due on March 1, 2030. The loan is subject to a prepayment penalty of 5% of the amount prepaid in year one of the loan, which incrementally decreases by 1% each loan year through year five, at which point the prepayment penalty is 1% of the amount prepaid through the maturity date.

A loan covenant for operating cash flow to fixed charges ratio of not less than 1.10 to 1.00 was met for the years ended February 28, 2021 and February 29, 2020.

The future annual maturities at February 28, 2021 are as follows:

2022	\$	33,863
2023		35,358
2024		36,920
2025		38,551
2026		40,254
Thereafter		<u>794,310</u>
	\$	<u>979,256</u>

NOTE 13 — PAYCHECK PROTECTION PROGRAM LOAN

On April 30, 2020, the Organization entered into a Paycheck Protection Program (PPP) loan with the Small Business Administration (SBA) under the Coronavirus Aid, Relief and Economic Security (CARES) Act. The loan is for \$1,288,787, matures in 24 months and incurs interest of 1%. The principal amount of the PPP Loan is subject to forgiveness through the SBA under the PPP upon the Organization's request to the extent that PPP Loan proceeds were used to pay expenses permitted by the PPP, including payroll, rent, and utilities. Under the original terms of the loan, ACOI must pay principal and interest payments of \$54,261 every month beginning 7 months from the date of the loan. The Paycheck Protection Flexibility Act of 2020 automatically extended the deferral period for loan payments to either (1) the date that SBA remits the borrower's loan forgiveness amount to the lender or (2) if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period.

Management intends to submit an application for forgiveness of approximately \$483,000 of the total loan amount. However, there can be no assurance that any part of the PPP loan will be forgiven. The remaining approximately \$805,000 will be repaid in accordance with the terms of the note which matures in April 2022. ACOI has elected to account for the PPP loan in accordance with ASC 470, *Debt*. Under ASC 470, debt is derecognized when extinguished either by payment or when the debtor is legally released from the obligation. As no portion of the PPP loan was legally forgiven or repaid as of February 28, 2021, the entire balance is reported as a liability in the accompanying 2021 consolidated statement of financial position.

ALBANY COUNTY OPPORTUNITY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
February 28, 2021 and February 29, 2020

NOTE 13 — PAYCHECK PROTECTION PROGRAM LOAN (Continued)

According to the rules of the SBA, the Organization is required to retain PPP Loan documentation for six years after the date the loan is forgiven or repaid in full, and permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all or some of the Organization’s judgments pertaining to satisfying PPP Loan eligibility or forgiveness conditions, the Organization may be required to adjust previously reported amounts and disclosures in the financial statements.

NOTE 14 — COMMITMENTS

The Organization leases program facilities in several buildings located throughout the Capital District. The lease terms range from month to month up to five years. Rent expense for the years ended February 28, 2021 and February 29, 2020 amounted to \$326,046 and \$318,641, respectively, excluding contributed facilities. The minimum lease payments due for non-cancelable lease commitments greater than one year at February 28, 2021 are as follows:

2022	\$ 233,498
2023	182,102
2024	<u>114,188</u>
	<u>\$ 529,788</u>

NOTE 15 — CONTINGENCIES

Financial awards from Federal, state and local governmental entities in the form of grants are subject to audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liability that may arise from such audits since the amounts, if any, cannot be determined at this date. It is at least reasonably possible this estimate could change in the near-term.

The Organization is a party to various legal proceedings or claims in the normal course of business. Management believes they are not material in relation to the Organization’s results of operations, liquidity, cash flows or financial condition.

ALBANY COUNTY OPPORTUNITY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
February 28, 2021 and February 29, 2020

NOTE 16 — LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

ACOI's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	February 28, 2021
Cash, unrestricted	\$ 5,356,255
Receivables to be collected within one year	1,271,750
Investments convertible to cash within one year	<u>1,141,319</u>
Total financial assets available within one year	<u>7,769,324</u>
Less: Net assets with donor restrictions	(272,480)
Less: Board designated net assets	<u>(18,537)</u>
Total financial assets available to meet general expenditures within one year	<u><u>\$ 7,478,307</u></u>

The Organization's cash flows have variations during the year attributable to reimbursement from Federal, State and local entities as well as the PPP loan received during the year ended February 28, 2021 (Note 13). To manage liquidity, the Organization structures its financial assets to be available as general expenses, liabilities and other obligations come due. In addition, the Organization has a revolving \$500,000 line of credit available to meet cash flow needs (Note 6).

NOTE 17 — FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Direct allocation is the preferred method when it is reasonably efficient and management assigns each expense to a functional category based on direct usage. Salaries and fringe benefits are allocated on the basis of estimates of time and effort. Occupancy costs are allocated based on square footage.

SUPPLEMENTARY INFORMATION

ALBANY COUNTY OPPORTUNITY, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
February 28, 2021

	<u>ACOI</u>	<u>Subsidiaries</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 5,356,255	\$ -	\$ -	\$ 5,356,255
Contracts and grants receivable	1,271,750	-	-	1,271,750
Inventory	35,255	-	-	35,255
Prepaid expenses	8,792	-	-	8,792
Total current assets	<u>6,672,052</u>	<u>-</u>	<u>-</u>	<u>6,672,052</u>
INVESTMENTS, at fair value	<u>1,141,319</u>	<u>-</u>	<u>-</u>	<u>1,141,319</u>
PROPERTY AND EQUIPMENT, net	<u>1,445,885</u>	<u>55,951</u>	<u>-</u>	<u>1,501,836</u>
OTHER ASSETS				
Security deposits	18,647	-	-	18,647
Due from related party	123,341	-	(123,341)	-
Total other assets	<u>141,988</u>	<u>-</u>	<u>(123,341)</u>	<u>18,647</u>
Total assets	<u>\$ 9,401,244</u>	<u>\$ 55,951</u>	<u>\$ (123,341)</u>	<u>\$ 9,333,854</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 126,196	\$ -	\$ -	\$ 126,196
Accrued payroll and vacation	514,378	-	-	514,378
Accrued expenses	249,548	-	-	249,548
Deferred revenue	281,735	-	-	281,735
Other post employment benefit obligation, current portion	9,023	-	-	9,023
Note payable, current portion	33,863	-	-	33,863
Paycheck Protection Program loan, current portion	325,566	-	-	325,566
Due to ACOI	-	123,341	(123,341)	-
Total current liabilities	<u>1,540,309</u>	<u>123,341</u>	<u>(123,341)</u>	<u>1,540,309</u>
Other post employment benefit obligation, net of current portion	70,731	-	-	70,731
Note payable, net of current portion	945,393	-	-	945,393
Paycheck Protection Program loan, net of current portion	963,231	-	-	963,231
Total long-term liabilities	<u>1,979,355</u>	<u>-</u>	<u>-</u>	<u>1,979,355</u>
Total liabilities	<u>3,519,664</u>	<u>123,341</u>	<u>(123,341)</u>	<u>3,519,664</u>
NET ASSETS				
Without donor restriction				
Undesignated	4,144,678	(123,341)	-	4,021,337
Invested in property and equipment	1,445,885	55,951	-	1,501,836
Board designated for program support	18,537	-	-	18,537
With donor restriction	272,480	-	-	272,480
Total net assets	<u>5,881,580</u>	<u>(67,390)</u>	<u>-</u>	<u>5,814,190</u>
Total liabilities and net assets	<u>\$ 9,401,244</u>	<u>\$ 55,951</u>	<u>\$ (123,341)</u>	<u>\$ 9,333,854</u>

ALBANY COUNTY OPPORTUNITY, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED February 28, 2021

	<u>ACOI</u>	<u>Subsidiaries</u>	<u>Eliminations</u>	<u>Total</u>
Revenues, Gains and Other Support Without Donor Restrictions				
Program service revenue	\$ 8,630,741	\$ -	\$ -	\$ 8,630,741
Contributions	56,877	-	-	56,877
In-kind revenue	588,158	-	-	588,158
Investment income	112,259	-	-	112,259
Other revenue	336,776	-	-	336,776
Net assets released from restrictions:				
Satisfaction of program restrictions	200	-	-	200
	<u>9,725,011</u>	<u>-</u>	<u>-</u>	<u>9,725,011</u>
Total revenues, gains and other support without donor restrictions				
	<u>9,725,011</u>	<u>-</u>	<u>-</u>	<u>9,725,011</u>
Expenses				
Program services	7,962,266	-	-	7,962,266
Management and general	1,380,082	-	-	1,380,082
Depreciation	-	-	-	-
Other	-	527	-	527
	<u>9,342,348</u>	<u>527</u>	<u>-</u>	<u>9,342,875</u>
Total expenses				
	<u>9,342,348</u>	<u>527</u>	<u>-</u>	<u>9,342,875</u>
Change in Net Assets Without Donor Restrictions	<u>382,663</u>	<u>(527)</u>	<u>-</u>	<u>382,136</u>
Contributions	209,627	-	-	209,627
Net assets released from restrictions	(200)	-	-	(200)
	<u>209,427</u>	<u>-</u>	<u>-</u>	<u>209,427</u>
Change in Net Assets With Donor Restrictions				
	<u>209,427</u>	<u>-</u>	<u>-</u>	<u>209,427</u>
Change in Net Assets	592,090	(527)	-	591,563
Net Assets (Deficit) at Beginning of Year	<u>5,289,490</u>	<u>(66,863)</u>	<u>-</u>	<u>5,222,627</u>
Net Assets (Deficit) at End of Year	<u>\$ 5,881,580</u>	<u>\$ (67,390)</u>	<u>\$ -</u>	<u>\$ 5,814,190</u>

ALBANY COUNTY OPPORTUNITY, INC. AND SUBSIDIARIES
RECONCILIATION OF GRANT EXPENSES TO CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED February 28, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	Program Services										Total		
	Early Childhood Education		Community and Career Services			Weatherization Programs		Management and General (Indirect Costs)			Subsidiaries	2021	2020
	Head Start	Other Programs / Sources	Community Services Block Grant	Dress for Success (CSBG)	Other Programs / Sources	Weatherization Assistance	Other Programs / Sources	Total Program Services					
Payroll and Related Benefits													
Salaries	\$ 2,864,955	\$ 961,695	\$ 167,269	\$ -	\$ 335,772	\$ 231,179	\$ 778	\$ 4,561,648	\$ 901,293	\$ -	\$ 5,462,941	\$ 5,431,441	
Fringe benefits	591,709	204,488	34,798	-	71,638	65,677	242	968,552	115,109	-	1,083,661	1,476,834	
Total payroll and related benefits	3,456,664	1,166,183	202,067	-	407,410	296,856	1,020	5,530,200	1,016,402	-	6,546,602	6,908,275	
Occupancy	460,667	83,059	19,715	5,283	38,944	34,046	3,101	644,815	20,167	-	664,982	671,249	
Travel	8,191	17	-	-	2,905	24,161	-	35,274	64	-	35,338	53,856	
Materials and supplies	384,330	63,555	1,866	324	3,325	80,543	11,990	545,933	15,817	-	561,750	1,014,551	
In-kind expenses	518,345	-	-	-	69,813	-	-	588,158	-	-	588,158	794,476	
Contractual and other support services	296,859	70,185	33,778	683	67,427	96,027	29,152	594,111	290,674	527	885,312	1,100,010	
Funded depreciation	47,479	11,869	-	-	-	-	-	59,348	-	-	59,348	59,349	
Total other expenses	1,715,871	228,685	55,359	6,290	182,414	234,777	44,243	2,467,639	326,722	527	2,794,888	3,693,491	
Total expenses before allocation of indirect costs and depreciation	5,172,535	1,394,868	257,426	6,290	589,824	531,633	45,263	7,997,839	1,343,124	527	9,341,490	10,601,766	
Allocation of indirect costs	537,850	158,509	27,077	754	54,449	41,157	(2,380)	817,416	(817,416)	-	-	-	
Total expenses before depreciation	5,710,385	1,553,377	284,503	7,044	644,273	572,790	42,883	8,815,255	525,708	527	9,341,490	10,601,766	
Adjust/deduct purchases capitalized as property and equipment	-	-	-	-	(26,578)	-	(8,995)	(35,573)	-	-	(35,573)	(11,839)	
Depreciation	-	-	-	-	-	-	-	-	36,958	-	36,958	35,190	
Total expenses	\$ 5,710,385	\$ 1,553,377	\$ 284,503	\$ 7,044	\$ 617,695	\$ 572,790	\$ 33,888	\$ 8,779,682	\$ 562,666	\$ 527	\$ 9,342,875	\$ 10,625,117	

ALBANY COUNTY OPPORTUNITY, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
February 28, 2021

Program	Federal CFDA Number	Grant/ Contract Number	Federal Expenditures	Expenditures to Subrecipients
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-through from State Department of Health:				
Child and Adult Care Food Program	10.558	C-2085-20	\$ 3,954	\$ -
Child and Adult Care Food Program	10.558	C-2085-21	71,739	-
Commodity Supplemental Food Program	10.565	138FP	8,958	-
Total - Department of Agriculture			<u>84,651</u>	<u>-</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Direct Award:				
Head Start	92.600	02-CH010835	5,033,561	-
COVID-19 Head Start	93.600	02-CH010835-C3	158,479	-
			<u>5,192,040</u>	<u>-</u>
Pass-through New York State Office of Persons with Developmental Disabilities:				
Family Support Payments to States_Assistance Payments	93.560	C00378GG-20	12,933	-
Family Support Payments to States_Assistance Payments	93.560	C00378GG-21	1,660	-
			<u>14,593</u>	<u>-</u>
Pass-through New York State Division of Housing and Community Renewal:				
Low-Income Home Energy Assistance	93.568	C093000-19	395,225	-
			<u>395,225</u>	<u>-</u>
Pass-through New York State Department of State:				
Community Services Block Grant	93.569	C1001450-20	18,649	-
Community Services Block Grant	93.569	C1001450-20	164,348	-
Community Services Block Grant	93.569	C1001450-21	43,823	-
COVID-19 Community Services Block Grant	93.569	T1001783	33,302	-
Community Services Block Grant	93.569	T1001735	31,425	-
			<u>291,547</u>	<u>-</u>
Pass-through Schenectady County Community College				
Affordable Care Act (ACA) Health Profession Opportunity Grants	93.093	90FX0054-20	273,627	-
Affordable Care Act (ACA) Health Profession Opportunity Grants	93.093	90FX0054-21	200,791	-
			<u>474,418</u>	<u>-</u>
Pass-through New York State Office of Temporary and Disability Assistance:				
Temporary Assistance for Needy Families	93.558	C021736	9,332	-
Total - Department of Health and Human Services			<u>6,377,155</u>	<u>-</u>
<u>U.S. DEPARTMENT OF ENERGY</u>				
Pass-through New York State Division of Housing and Community Renewal:				
Weatherization Assistance for Low-Income Persons	81.042	C092000-19	177,565	-
Total - Department of Energy			<u>177,565</u>	<u>-</u>
Total Federal Assistance			<u>\$ 6,639,371</u>	<u>\$ -</u>

The accompanying notes to the schedule of expenditures of federal awards should be read in conjunction with this schedule.

ALBANY COUNTY OPPORTUNITY, INC. AND SUBSIDIARIES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
February 28, 2021

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) was prepared on the accrual basis of accounting. Grant awards are recorded as revenue when the criteria for earning the revenue is met, generally when the expenditure of grant funds is made. Grant expenditures are recorded when the liability is incurred. The information in this schedule is presented in accordance with the requirements of the Code of Federal Regulations Title 2, *Grants and Agreements*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Subpart F, *Audit Requirements*, Section 200.502, *Basis for Determining Federal Awards Expended*.

Administrative 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. ACOI has not elected to utilize the 10% de minimis indirect cost rate in Part 200.514 of the Uniform Guidance.

NOTE 2 — SUBRECIPIENTS

No federal awards were passed through to subrecipients during the year ended February 28, 2021.

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

Board of Directors
Albany County Opportunity, Inc. and Subsidiaries

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 consolidated financial statements of Albany County Opportunity, Inc. and Subsidiaries (the Organization), which comprise the consolidated statement of financial position as of February 28, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated July 14, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

UHY LLP

Albany, New York
July 14, 2021

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

Board of Directors
Albany County Opportunity, Inc. and Subsidiaries

Report on Compliance for Each Major Federal Program

We have audited Albany County Opportunity, Inc. and Subsidiaries' (Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal programs for the year ended February 28, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* 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 Organization'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 programs. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, Albany County Opportunity, Inc. and Subsidiaries complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material impact on its major federal programs for the year ended February 28, 2021.

Report on Internal Control Over Compliance

Management of the Organization 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 Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Albany County Opportunity, Inc. and Subsidiaries' 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.

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.

UHY LLP

Albany, New York
July 14, 2021

ALBANY COUNTY OPPORTUNITY, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended February 28, 2021

Section I—Summary of Auditor’s Results

<i>Financial Statements</i>		
Type of auditor’s report issued: Unmodified		
Internal control over financial reporting:		
• Material weakness(es) identified?	_____ yes	<u> X </u> no
• Significant deficiency(ies) identified?	_____ yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	_____ yes	<u> X </u> no
<i>Federal Awards</i>		
Internal control over major programs:		
• Material weakness(es) identified?	_____ yes	<u> X </u> no
• Significant deficiency(ies) identified?	_____ yes	<u> X </u> none reported
Type of auditor’s report issued on compliance for major programs: Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	_____ yes	<u> X </u> no
Identification of major programs:		
CFDA Number(s)		Name of Federal Program or Cluster
93.600		Head Start COVID-19 Head Start
Dollar threshold used to distinguish between type A and type B programs:		
	\$750,000	
Auditee qualified as low-risk auditee?	<u> X </u> yes	

ALBANY COUNTY OPPORTUNITY, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended February 28, 2021

Section II—Financial Statement Findings

No matters were reported.

Section III—Federal Award Findings and Questioned Costs

No findings noted.

Section IV—Summary Schedule of Prior Audit Findings

No matters were reported.