

**WESTCHESTER COMMUNITY OPPORTUNITY PROGRAM, INC.  
AND AFFILIATES**

**Consolidated Financial Statements and Audit Reports and  
Supplementary Information Related to  
Title 2 U.S. Code of Federal Regulations Part 200,  
*Uniform Administrative Requirements, Cost Principles and Audit  
Requirements for Federal Awards*  
For the Years Ended July 31, 2021 and 2020  
With Independent Auditor's Report**



**MITCHELL TITUS**  
ACHIEVING EXCELLENCE TOGETHER

**WESTCHESTER COMMUNITY OPPORTUNITY  
PROGRAM, INC. AND AFFILIATES**  
Years Ended July 31, 2021 and 2020

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Westchester Community Opportunity  
Program, Inc. and Affiliates

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Westchester Community Opportunity Program, Inc. and Affiliates (hereinafter collectively referred to as WestCOP and Affiliates), which comprise the consolidated statements of financial position as of July 31, 2021 and 2020, 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 Consolidated 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 audits 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

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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 consolidated financial position of WestCOP and Affiliates as of July 31, 2021 and 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.

### ***Other Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information shown on pages 22 and 23, and the accompanying Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis, and are 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, except for that portion marked “unaudited”, on which we express no opinion, 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 November 18, 2022 on our consideration of WestCOP and Affiliates' 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 WestCOP and Affiliates' 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 WestCOP and Affiliates' internal control over financial reporting and compliance.

*Mitchell Titus, LLP*

November 18, 2022

**WESTCHESTER COMMUNITY OPPORTUNITY  
PROGRAM, INC. AND AFFILIATES**

Consolidated Statements of Financial Position  
As of July 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,176,667	\$ 1,230,297
<i>Accounts receivable</i>		
Grants and contracts	4,996,073	5,179,960
Note receivable	-	272,111
Other	6,616	86,442
Prepaid expenses and security deposits	336,506	249,485
Property and equipment, net	<u>2,268,499</u>	<u>2,514,586</u>
<b>Total assets</b>	<b><u>\$ 8,784,361</u></b>	<b><u>\$ 9,532,881</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<i>Liabilities</i>		
Accounts payable and accrued expenses	\$ 1,641,096	\$ 3,197,755
Accrued salaries, vacation and related payables	1,278,539	1,114,408
Refundable advances	765,579	164,452
Line of credit payable	675,103	346,340
Payroll Protection Program forgivable loan	-	529,510
Mortgage payable	<u>502,679</u>	<u>517,998</u>
Total liabilities	<u>4,862,996</u>	<u>5,870,463</u>
<i>Net assets</i>		
Without donor restrictions	3,880,052	3,621,105
With donor restrictions	<u>41,313</u>	<u>41,313</u>
Total net assets	<u>3,921,365</u>	<u>3,662,418</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 8,784,361</u></b>	<b><u>\$ 9,532,881</u></b>

The accompanying notes are an integral part of these consolidated financial statements.

**WESTCHESTER COMMUNITY OPPORTUNITY  
PROGRAM, INC. AND AFFILIATES**

Consolidated Statements of Activities

For the Years Ended July 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<i>Revenue and support</i>						
Contributions	\$ 219,661	\$ -	\$ 219,661	\$ 407,961	\$ -	\$ 407,961
<i>Grants</i>						
Federal	25,283,678	-	25,283,678	23,890,252	-	23,890,252
State	3,921,141	-	3,921,141	5,482,467	-	5,482,467
Local	7,401,372	-	7,401,372	7,634,771	-	7,634,771
Payroll Protection Program funding	529,510	-	529,510	1,045,639	-	1,045,639
Parents' fees	9,428	-	9,428	33,490	-	33,490
Rental income	111,185	-	111,185	135,151	-	135,151
In-kind contributions	821,953	-	821,953	1,156,153	-	1,156,153
Net assets released from restrictions	-	-	-	-	-	-
Total revenue and support	<u>38,297,928</u>	<u>-</u>	<u>38,297,928</u>	<u>39,785,884</u>	<u>-</u>	<u>39,785,884</u>
<i>Income from other sources</i>						
Interest income	8,788	-	8,788	11,435	-	11,435
Other income	227,146	-	227,146	414,657	-	414,657
Special event (net of direct benefit to donor expenses of \$650 and \$32,552, respectively)	79,153	-	79,153	49,480	-	49,480
Total income from other sources	<u>315,087</u>	<u>-</u>	<u>315,087</u>	<u>475,572</u>	<u>-</u>	<u>475,572</u>
Total revenue, support and income from other sources	<u>38,613,015</u>	<u>-</u>	<u>38,613,015</u>	<u>40,261,456</u>	<u>-</u>	<u>40,261,456</u>
<i>Expenses</i>						
<i>Program services</i>						
Early childhood	19,497,630	-	19,497,630	22,100,535	-	22,100,535
Foster grandparents	905,889	-	905,889	1,076,997	-	1,076,997
Victims assistance services	2,113,601	-	2,113,601	1,838,405	-	1,838,405
Energy	1,948,466	-	1,948,466	1,952,184	-	1,952,184
Community action partnerships	2,217,399	-	2,217,399	2,541,545	-	2,541,545
Employment and training	681,157	-	681,157	463,309	-	463,309
Veterans program	3,152,758	-	3,152,758	2,406,425	-	2,406,425
Other program	2,951,983	-	2,951,983	2,407,043	-	2,407,043
Total program expenses	<u>33,468,883</u>	<u>-</u>	<u>33,468,883</u>	<u>34,786,443</u>	<u>-</u>	<u>34,786,443</u>
Fundraising	9,169	-	9,169	35,436	-	35,436
Management and general	4,876,016	-	4,876,016	4,415,678	-	4,415,678
Total expenses	<u>38,354,068</u>	<u>-</u>	<u>38,354,068</u>	<u>39,237,557</u>	<u>-</u>	<u>39,237,557</u>
Change in net assets	258,947	-	258,947	1,023,899	-	1,023,899
Net assets, beginning of year, as restated	3,621,105	41,313	3,662,418	2,597,206	41,313	2,638,519
<b>Net assets, end of year</b>	<u>\$ 3,880,052</u>	<u>\$ 41,313</u>	<u>\$ 3,921,365</u>	<u>\$ 3,621,105</u>	<u>\$ 41,313</u>	<u>\$ 3,662,418</u>

The accompanying notes are an integral part of these consolidated financial statements.

**WESTCHESTER COMMUNITY OPPORTUNITY  
PROGRAM, INC. AND AFFILIATES**

Consolidated Statements of Functional Expenses  
For the Year Ended July 31, 2021

Westchester Community Opportunity Program, Inc.									
Program Services									
	Early Childhood	Foster Grandparents	Victims Assistance Services	Energy	Community Action Partnerships	Employment and Training	Veterans Program	Other Programs	Total Program Services
Salaries	\$ 10,151,694	\$ 211,315	\$ 1,257,044	\$ 406,242	\$ 1,265,607	\$ 481,388	\$ 630,286	\$ 1,592,374	\$ 15,995,950
Participants' salaries and benefits	-	598,905	300	-	18,290	44,330	-	-	661,825
Payroll taxes and employee benefits	2,345,945	54,796	304,212	102,622	230,018	94,781	124,982	386,614	3,643,970
Total salaries and related expenses	12,497,639	865,016	1,561,556	508,864	1,513,915	620,499	755,268	1,978,988	20,301,745
<i>Other than personnel cost</i>									
Professional services (in-kind)	638,629	-	183,324	-	-	-	-	-	821,953
Travel expenses	11,063	2,830	1,500	-	1,121	2,271	7,609	10	26,404
Training and conferences	146,192	-	9,503	1,075	4,767	7,547	6,500	1,150	176,734
Contractual fees and payments	1,516,593	-	193,805	-	34,210	6,015	207,740	134,912	2,093,275
Delegate contracts	1,344,498	-	-	-	-	-	-	-	1,344,498
Space costs	1,685,999	-	65,485	85,786	268,511	12,164	103,706	492,878	2,714,529
Office supplies	56,190	793	42,949	2,695	49,925	5,811	10,319	17,702	186,384
Other program expenses	349,528	32,128	14,606	115	153,429	16,200	1,978,649	67,622	2,612,277
Weatherization and materials/services	-	-	-	1,304,867	-	-	-	-	1,304,867
Food	670,344	1,484	-	-	71,364	33	875	166,827	910,927
Equipment rental, maintenance and repairs	225,959	-	6,100	16,646	60,940	3,602	45,163	42,225	400,635
Communication	75,312	-	29,972	11,015	47,519	6,651	15,375	23,862	209,706
Insurance	244,911	3,236	3,314	17,403	10,554	-	19,532	25,807	324,757
Depreciation and amortization	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-	-
Other	34,773	402	1,487	-	1,144	364	2,022	-	40,192
<b>Total expenses</b>	<b>\$ 19,497,630</b>	<b>\$ 905,889</b>	<b>\$ 2,113,601</b>	<b>\$ 1,948,466</b>	<b>\$ 2,217,399</b>	<b>\$ 681,157</b>	<b>\$ 3,152,758</b>	<b>\$ 2,951,983</b>	<b>\$ 33,468,883</b>

The accompanying notes are an integral part of these consolidated financial statements.

**WESTCHESTER COMMUNITY OPPORTUNITY  
PROGRAM, INC. AND AFFILIATES**

Consolidated Statements of Functional Expenses (*continued*)

For the Year Ended July 31, 2021

	Westchester Community Opportunity Program, Inc.				New Rochelle- Winthrop Housing Development Fund Corporation and 95 Winthrop Avenue Corporation Management and General	Westchester Community Holding Corporation Management and General	Aunt Bessie's Open Door, Inc.	Total
	Management and General	Fundraising	Total Support Services	Total				
Salaries	\$ 2,620,957	\$ -	\$ 2,620,957	\$ 18,616,907	\$ -	\$ -	\$ -	\$ 18,616,907
Participants' salaries and benefits	-	-	-	661,825	-	-	-	661,825
Payroll taxes and employee benefits	538,775	-	538,775	4,182,745	-	-	-	4,182,745
Total salaries and related expenses	3,159,732	-	3,159,732	23,461,477	-	-	-	23,461,477
<i>Other than personnel cost</i>								
Professional services (in-kind)	-	-	-	821,953	-	-	-	821,953
Travel expenses	419	-	419	26,823	-	-	-	26,823
Training and conferences	973	-	973	177,707	-	-	-	177,707
Contractual fees and payments	692,619	3,400	696,019	2,789,294	-	-	-	2,789,294
Delegate contracts	-	-	-	1,344,498	-	-	-	1,344,498
Space costs	354,195	-	354,195	3,068,724	30,386	11,190	-	3,110,300
Office supplies	71,674	1,060	72,734	259,118	-	-	-	259,118
Other program expenses	4,493	-	4,493	2,616,770	70	-	-	2,616,840
Weatherization and materials/services	1,107	-	1,107	1,305,974	-	-	-	1,305,974
Food	141	158	299	911,226	-	-	-	911,226
Equipment rental, maintenance and repairs	19,282	-	19,282	419,917	-	-	-	419,917
Communication	54,323	4,549	58,872	268,578	-	-	-	268,578
Insurance	146,699	-	146,699	471,456	-	-	-	471,456
Depreciation and amortization	223,056	-	223,056	223,056	16,649	6,382	-	246,087
Interest expense	22,007	-	22,007	22,007	-	-	-	22,007
Bad debt expense	47,307	-	47,307	47,307	-	-	-	47,307
Other	13,062	2	13,064	53,256	100	150	-	53,506
<b>Total expenses</b>	<b>\$ 4,811,089</b>	<b>\$ 9,169</b>	<b>\$ 4,820,258</b>	<b>\$ 38,289,141</b>	<b>\$ 47,205</b>	<b>\$ 17,722</b>	<b>\$ -</b>	<b>\$ 38,354,068</b>

The accompanying notes are an integral part of these consolidated financial statements.

**WESTCHESTER COMMUNITY OPPORTUNITY  
PROGRAM, INC. AND AFFILIATES**  
Consolidated Statements of Functional Expenses  
For the Year Ended July 31, 2020

Westchester Community Opportunity Program, Inc.									
Program Services									
	Early Childhood	Foster Grandparents	Victims Assistance Services	Energy	Community Action Partnerships	Employment and Training	Veterans Program	Other Programs	Total Program Services
Salaries	\$ 10,582,429	\$ 205,758	\$ 1,128,704	\$ 449,283	\$ 1,346,311	\$ 307,090	\$ 679,298	\$ 1,317,108	\$ 16,015,981
Participants' salaries and benefits	500	589,843	502	-	31,704	44,522	-	2,412	669,483
Payroll taxes and employee benefits	2,342,443	42,633	261,852	101,815	233,539	61,543	132,231	285,008	3,461,064
Total salaries and related expenses	12,925,372	838,234	1,391,058	551,098	1,611,554	413,155	811,529	1,604,528	20,146,528
<i>Other than personnel cost</i>									
Professional services (in-kind)	1,050,292	92,216	13,645	-	-	-	-	-	1,156,153
Travel expenses	9,817	33,595	10,238	-	4,320	2,055	6,793	5,967	72,785
Training and conferences	75,696	9,830	4,692	22,341	3,563	10,077	9,008	38,100	173,307
Contractual fees and payments	1,975,484	2,666	244,745	46,800	32,912	23,553	165,580	68,553	2,560,293
Delegate contracts	1,612,711	-	-	-	-	-	-	-	1,612,711
Space costs	1,783,886	611	54,340	90,110	347,764	6,719	117,045	385,102	2,785,577
Office supplies	37,975	56,423	17,648	904	150,134	1,032	16,021	54,536	334,673
Other program expenses	1,657,961	20,580	32,751	1,129	170,305	3,591	1,178,243	47,021	3,111,581
Weatherization materials/Services	216	27	208	1,182,133	135	108	162	-	1,182,989
Food	657,191	16,418	1,385	-	70,072	55	-	103,170	848,291
Equipment rental, maintenance and repairs	171,149	-	16,278	22,296	58,544	350	58,150	40,201	366,968
Communication	70,191	-	28,998	9,784	50,937	1,242	15,540	30,085	206,777
Insurance	71,901	5,228	11,388	25,240	18,441	1,372	26,189	20,223	179,982
Depreciation and amortization	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-
Other	693	1,169	11,031	349	22,864	-	2,165	9,557	47,828
<b>Total expenses</b>	<b>\$ 22,100,535</b>	<b>\$ 1,076,997</b>	<b>\$ 1,838,405</b>	<b>\$ 1,952,184</b>	<b>\$ 2,541,545</b>	<b>\$ 463,309</b>	<b>\$ 2,406,425</b>	<b>\$ 2,407,043</b>	<b>\$ 34,786,443</b>

The accompanying notes are an integral part of these consolidated financial statements.

**WESTCHESTER COMMUNITY OPPORTUNITY  
PROGRAM, INC. AND AFFILIATES**

Consolidated Statements of Functional Expenses (*continued*)

For the Year Ended July 31, 2020

	Westchester Community Opportunity Program, Inc.				New Rochelle- Winthrop Housing Development Fund Corporation and 95 Winthrop Avenue Corporation Management and General	Westchester Community Holding Corporation Management and General	Aunt Bessie's Open Door, Inc.	Total
	Management and General	Fundraising	Total Support Services	Total				
Salaries	\$ 1,785,782	\$ -	\$ 1,785,782	\$ 17,801,763	\$ -	\$ -	\$ -	\$ 17,801,763
Participants' salaries and benefits	-	-	-	669,483	-	-	-	669,483
Payroll taxes and employee benefits	353,044	-	353,044	3,814,108	-	-	-	3,814,108
Total salaries and related expenses	2,138,826	-	2,138,826	22,285,354	-	-	-	22,285,354
<i>Other than personnel cost</i>								
Professional services (in-kind)	-	-	-	1,156,153	-	-	-	1,156,153
Travel expenses	8,262	58	8,320	81,105	-	-	-	81,105
Training and conferences	115,627	-	115,627	288,934	-	-	-	288,934
Contractual fees and payments	648,113	2,625	650,738	3,211,031	685	-	-	3,211,716
Delegate contracts	-	-	-	1,612,711	-	-	-	1,612,711
Space costs	389,127	-	389,127	3,174,704	29,222	820	-	3,204,746
Office supplies	47,462	688	48,150	382,823	-	-	-	382,823
Other program expenses	17,517	1,629	19,146	3,130,727	279	-	-	3,131,006
Weatherization and materials/services	1,807	-	1,807	1,184,796	-	-	-	1,184,796
Food	3,651	-	3,651	851,942	-	-	-	851,942
Equipment rental, maintenance and repairs	146,446	-	146,446	513,414	-	-	-	513,414
Communication	88,747	3,960	92,707	299,484	-	-	-	299,484
Insurance	248,665	-	248,665	428,647	-	-	-	428,647
Fundraising expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	311,110	-	311,110	311,110	16,649	6,382	-	334,141
Bad debt expense	134,800	-	134,800	134,800	-	-	-	134,800
Interest expense	23,372	-	23,372	23,372	-	-	-	23,372
Other	38,009	26,476	64,485	112,313	100	-	-	112,413
<b>Total expenses</b>	<b>\$ 4,361,541</b>	<b>\$ 35,436</b>	<b>\$ 4,396,977</b>	<b>\$ 39,183,420</b>	<b>\$ 46,935</b>	<b>\$ 7,202</b>	<b>\$ -</b>	<b>\$ 39,237,557</b>

The accompanying notes are an integral part of these consolidated financial statements.

**WESTCHESTER COMMUNITY OPPORTUNITY  
PROGRAM, INC. AND AFFILIATES**

Consolidated Statements of Cash Flows  
Years Ended July 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 258,947	\$ 1,023,899
<i>Adjustment to reconcile change in net assets to net cash (used in) provided by operating activities</i>		
Bad debt expense	47,307	134,800
Depreciation and amortization	246,087	334,141
Forgiveness of Payroll Protection Plan loan <i>(Increase) decrease in assets</i>	(529,510)	-
Grants and contracts receivable	136,580	(3,353,284)
Accounts receivable - others	79,826	(83,668)
Pledges receivable	-	36,300
Prepaid expenses and security deposits	(87,021)	151,711
<i>Increase (decrease) in liabilities</i>		
Accounts payable and accrued expenses	(1,556,659)	1,764,314
Accrued salaries, vacation and related payables	164,131	374,241
Refundable advances	601,127	(238,438)
Net cash (used in) provided by operating activities	<u>(639,185)</u>	<u>144,016</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property and equipment acquisitions	-	(25,554)
Repayments received on note receivable	272,111	21,924
Net cash provided by (used in) investing activities	<u>272,111</u>	<u>(3,630)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipt of loan proceeds from line of credit payable	450,000	310,000
Payment of line of credit payable	(121,237)	(315,000)
Proceeds from Payroll Protection Plan forgivable loan	-	529,510
Payments of mortgage principal	(15,319)	(18,022)
Net cash provided by financing activities	<u>313,444</u>	<u>506,488</u>
Net (decrease) increase in cash and cash equivalents	(53,630)	646,874
Cash and cash equivalents, beginning of year	<u>1,230,297</u>	<u>583,423</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 1,176,667</u></u>	<u><u>\$ 1,230,297</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest paid	<u><u>\$ 22,007</u></u>	<u><u>\$ 23,372</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

**WESTCHESTER COMMUNITY OPPORTUNITY  
PROGRAM, INC. AND AFFILIATES**

Notes to Consolidated Financial Statements  
Years Ended July 31, 2021 and 2020

**NOTE 1      NATURE OF THE ORGANIZATIONS**

Westchester Community Opportunity Program, Inc. (WestCOP) was originally founded in the County of Westchester in 1965. WestCOP's mission is to mobilize and efficiently manage resources through partnerships and collaborations to help the low-income and at-risk populations in the Hudson Valley region to achieve greater self-sufficiency.

New Rochelle-Winthrop Housing Development Fund Corporation and 95 Winthrop Avenue Corporation (NR-Winthrop) were both incorporated in 1994. The principal purpose of NR-Winthrop is to develop a non-profit housing project for low-income persons.

Westchester Community Holding Corporation (Holding) was incorporated on November 13, 1979, under the Not-for-Profit Corporation Law of the State of New York and was formed solely to purchase and hold real estate for use by WestCOP.

Aunt Bessie's Open Door, Inc. (ABOD) was formed to hold and maintain real and personal property for the benefit of WestCOP. Properties obtained by ABOD are intended to be used as locations for the operations of WestCOP's various programs. A certificate of amendment filed on October 10, 1972, changed the name of Aunt Bessie's Open Door, Inc. to Aunt Bessie's Open Door Day Care Center, Inc. (also referred to herein as ABOD).

All entities are referred to as WestCOP and Affiliates.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Principles of Consolidation

The consolidated financial statements include the accounts of WestCOP and Affiliates. All intercompany transactions have been eliminated.

Basis of Presentation

The consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

The consolidated financial statements are presented on the basis of net assets without donor restrictions and net assets with donor restrictions in accordance with U.S. GAAP.

*Net assets without donor restrictions* – Funds that are fully available at the discretion of management and the Board of Directors for WestCOP and Affiliates to utilize in any of their programs or supporting services.

**WESTCHESTER COMMUNITY OPPORTUNITY  
PROGRAM, INC. AND AFFILIATES**

Notes to Consolidated Financial Statements  
Years Ended July 31, 2021 and 2020

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Basis of Presentation *(continued)*

*Net assets with donor restrictions* – Funds that are subject to specified donor-imposed restrictions that will be met either by actions of the organization and/or the passage of time. When donor restrictions are met, amounts are reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. WestCOP and Affiliates do not have any net assets with donor restrictions that are perpetual in nature at July 31, 2021 and 2020.

Revenue and Support

WestCOP and Affiliates receive federal, state and local government grants when eligible costs to be reimbursed are incurred and claimed in compliance with grantors' requirements or when performance requirements stipulated in the grants and contracts are achieved and the related amounts are claimed by WestCOP and Affiliates. Under certain government grants, WestCOP and Affiliates are reimbursed based on units of service multiplied by an established billing rate. Such rates are subject to change and adjustment based on a review by the government agencies responsible for such funding. Refundable advances represent advances received for future services. Estimates of any potential audit disallowances or other funding adjustments are reflected as liabilities due to the funders.

Parents' fees and rental income are recorded as revenue in the period earned.

Contributions received are recorded within net assets without or with donor restrictions, depending upon the existence and/or nature of any donor restrictions. Donor-restricted net assets are reclassified to net assets without donor restrictions upon satisfaction of the time or purpose restrictions.

Unconditional promises to give cash or other assets that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. At July 31, 2021 and 2020, pledges receivable are expected to be collected within the next fiscal year.

**WESTCHESTER COMMUNITY OPPORTUNITY  
PROGRAM, INC. AND AFFILIATES**

Notes to Consolidated Financial Statements  
Years Ended July 31, 2021 and 2020

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Contributed Services and Property

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period services are provided.

In-Kind Contributions

In-kind contributions represent contributed services, goods or property from non-federal sources, required as matches under government contracts. These contributions are recorded at their estimated fair value and are reflected in the consolidated financial statements as revenue and expenses in the period received.

Cash and Cash Equivalents

For financial statement purposes, WestCOP and Affiliates consider all cash and other highly liquid instruments with original maturities of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is recorded on the straight-line method over their estimated useful lives. Building and leasehold improvements are amortized over the shorter of the estimated useful lives of the improvements or the terms of the leases.

Functional Expenses Allocation

The costs of providing for WestCOP and Affiliates' programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services that benefited. The majority of expenses can generally be directly identified with the program or supporting service to which they relate, and are charged accordingly. Other expenses, such as salaries, payroll taxes and benefits and occupancy costs, have been allocated among program and supporting service classifications on the basis of employee headcount and other relevant measures and office space square footage.

**WESTCHESTER COMMUNITY OPPORTUNITY  
PROGRAM, INC. AND AFFILIATES**

Notes to Consolidated Financial Statements  
Years Ended July 31, 2021 and 2020

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Vacation and Sick Leaves

Employees are granted vacation leave as per the policy of WestCOP or as per the provisions of the grant agreements. WestCOP recognizes vacation pay when earned and sick pay when used as an expenditure.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

WestCOP, NR-Winthrop and ABOD are not-for-profit entities that are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code). Holding is a not-for-profit entity that is exempt from income taxes under Section 501(c)(2) of the Code.

WestCOP and Affiliates have evaluated the recognition requirements for uncertain income tax positions as required by U.S. GAAP, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. Accordingly, WestCOP and Affiliates have not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions at July 31, 2021 and 2020. WestCOP and Affiliates are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Periods ended July 31, 2018 and subsequent years remain open to examination to applicable taxing authorities.

**WESTCHESTER COMMUNITY OPPORTUNITY  
PROGRAM, INC. AND AFFILIATES**

Notes to Consolidated Financial Statements

Years Ended July 31, 2021 and 2020

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

New Accounting Pronouncement

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), which requires additional disclosures pertaining to qualitative and quantitative disaggregation of revenue into categories that explain how revenue and cash flows are impacted by economic factors, information about contract balances and discussion of remaining performance obligations. The scope of this ASU excludes contributions and collaborative arrangements since they are not viewed to be contracts with customers. The key principle of the guidance is to recognize revenue to reflect the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU is relevant to the accounting for WestCOP and Affiliates' revenue other than contributions and investment income. WestCOP and Affiliates adopted this ASU during the year ended July 31, 2021 and it did not have any significant impact on the consolidated financial statements.

Recently Issued Accounting Pronouncement

The FASB issued its new lease accounting guidance in ASU No. 2016-02, *Leases* (Topic 842). Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date: (a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. Certain targeted improvements were made to align, where necessary, lessor accounting with the lessee accounting model and ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). The amendments are effective for WestCOP and Affiliates' fiscal year ended July 31, 2022. This ASU will impact the accounting for lease arrangements when adopted.

**WESTCHESTER COMMUNITY OPPORTUNITY  
PROGRAM, INC. AND AFFILIATES**

Notes to Consolidated Financial Statements  
Years Ended July 31, 2021 and 2020

**NOTE 3 LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of July 31, 2021 and 2020, comprise the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,176,667	\$ 1,230,297
Accounts receivable – grants and contracts	4,996,073	5,179,960
Accounts receivable – other	6,616	86,442
<b>Total</b>	<u>\$ 6,179,356</u>	<u>\$ 6,496,699</u>

As part of their liquidity management plan, WestCOP and Affiliates have a policy to structure financial assets to be available as general expenditures, liabilities and other obligations become due. Management monitors cash flow projections on an ongoing basis and ensures that WestCOP and Affiliates maintain sufficient resources in cash and cash equivalents to meet operating requirements. In the event of a liquidity need, WestCOP and Affiliates could draw upon an \$800,000 line of credit that is renewable annually. Borrowings outstanding on the line of credit at July 31, 2021 are \$675,103, leaving \$124,897 available as of July 31, 2021.

**NOTE 4 CASH AND CASH EQUIVALENTS**

As of July 31, cash and cash equivalents consisted of:

	<u>2021</u>	<u>2020</u>
Petty cash	\$ 9,282	\$ 8,771
Checking and operating accounts	815,753	923,306
Other program cash accounts	351,632	298,220
	<u>\$ 1,176,667</u>	<u>\$ 1,230,297</u>

**WESTCHESTER COMMUNITY OPPORTUNITY  
PROGRAM, INC. AND AFFILIATES**

Notes to Consolidated Financial Statements  
Years Ended July 31, 2021 and 2020

**NOTE 5 ACCOUNTS RECEIVABLE - GRANTS AND CONTRACTS**

As of July 31, accounts receivable – grants and contracts consisted of:

	<u>2021</u>	<u>2020</u>
<i>Government agencies</i>		
Federal agencies	\$ 1,733,826	\$ 1,619,281
State of New York	1,114,106	1,645,793
Counties and municipalities	<u>2,148,141</u>	<u>1,914,886</u>
	<u>\$ 4,996,073</u>	<u>\$ 5,179,960</u>

**NOTE 6 NOTE RECEIVABLE**

Note receivable at July 31, 2020 represented a term loan receivable from the Hispanic Resource Center of Larchmont/Mamaroneck Inc. The borrower repaid the balance in full and there is no remaining receivable outstanding as of July 31, 2021.

**NOTE 7 PROPERTY AND EQUIPMENT**

As of July 31, the account consisted of:

	<u>Estimated Useful Lives</u>	<u>2021</u>	<u>2020</u>
Land	-	\$ 330,952	\$ 330,952
Buildings	30 to 40 years	3,521,492	3,521,492
Building improvements	30 to 40 years	762,853	762,853
Leasehold improvements	Lease terms	879,016	879,016
Vehicles	5 years	1,680,041	1,680,041
Furniture and fixtures	5 years	-	-
Equipment and computers	5 years	<u>1,015,514</u>	<u>1,015,514</u>
Total acquisition cost		8,189,868	8,189,868
Less: Accumulated depreciation and amortization		<u>(5,921,369)</u>	<u>(5,675,282)</u>
<b>Property and equipment,     net</b>		<u>\$ 2,268,499</u>	<u>\$ 2,514,586</u>

**NOTE 8 ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenses represent unpaid obligations from operations as of July 31, 2021 and 2020 of \$1,641,096 and \$3,197,755, respectively. These obligations represent goods or services billed to and received by WestCOP and Affiliates as of the end of the fiscal years.

**WESTCHESTER COMMUNITY OPPORTUNITY  
PROGRAM, INC. AND AFFILIATES**

Notes to Consolidated Financial Statements  
Years Ended July 31, 2021 and 2020

**NOTE 9 ACCRUED SALARIES, VACATION AND RELATED PAYABLES**

As of July 31, accrued salaries, vacation and related payables consisted of:

	<u>2021</u>	<u>2020</u>
Accrued compensation	\$ 892,074	\$ 675,801
Accrued vacation	384,951	437,166
Pension contributions	1,514	1,441
<b>Total</b>	<u>\$ 1,278,539</u>	<u>\$ 1,114,408</u>

**NOTE 10 REFUNDABLE ADVANCES**

WestCOP is the recipient of grants that require expenditure for specified activities before the organization is reimbursed by the grantor for the costs incurred. Documentation showing actual costs expended is included when submitting a monthly or quarterly report for reimbursement. Certain grantors pay in advance of incurring the specified costs. In those cases, the amount received in excess of amounts spent on reimbursable costs is reported as refundable advances. As of July 31, 2021 and 2020, refundable advances totaled \$765,579 and \$164,452, respectively.

**NOTE 11 LINE OF CREDIT**

As of July 31, 2021 and 2020, WestCOP had a business revolving line of credit of \$800,000 with TD Bank. During the years ended July 31, 2021 and 2020, there were drawdowns made against the revolving credit line with TD Bank. The outstanding line of credit drawn down with TD Bank as of July 31, 2021 and 2020 amounted to \$675,103 and \$346,340, respectively.

The terms under the TD Bank credit facility are as follows:

- Proceeds from the credit line will be used to provide additional working capital. The facility is renewable each April with interest-only payments due monthly. The line was renewed through May 31, 2023, but was subsequently terminated as described below. The interest rate will be based on the *Wall Street Journal* Prime Rate.
- The first UCC-1 filing on the Business Assets of the Borrower, excluding all assets and equipment belonging to or associated with the Federal Head Start Program, was given as collateral to secure the performance and payment of all obligations respecting the Credit Accommodations.
- There were no required financial covenants with regards to the credit facility.

**WESTCHESTER COMMUNITY OPPORTUNITY  
PROGRAM, INC. AND AFFILIATES**

Notes to Consolidated Financial Statements  
Years Ended July 31, 2021 and 2020

**NOTE 11**      **LINE OF CREDIT** *(continued)*

- Interest is charged based on the *Wall Street Journal* Prime Rate, which was 3.25% at both July 31, 2021 and July 31, 2020.

In August 2022, WestCOP entered into a new financing agreement with a bank providing for a \$500,000 term loan and a \$1,000,000 line of credit. Proceeds from the \$500,000 term loan and draws on the new line of credit arrangement of \$300,000 were used to pay off the \$800,000 outstanding under the TD Bank line of credit. The TD Bank line of credit agreement was then terminated.

**NOTE 12**      **MORTGAGES PAYABLE**

On August 1, 2009, WestCOP obtained a mortgage on its Toddlers Park property in the amount of \$361,353. The mortgage is payable in monthly installments, which was renegotiated at a lower interest rate from September 1, 2009, with the final payment made on August 31, 2019. Monthly installments are applied first to interest at the rate of 4.5% and the balance thereof on the account of principal. As of July 31, 2020, there is no remaining outstanding balance on the mortgage.

On March 7, 2008, WestCOP obtained a mortgage on its Mount Vernon property in the amount of \$640,000. The mortgage with the Community Preservation Corporation was payable in 360 monthly installments, which commenced on May 1, 2008, with the final payment due on April 1, 2038. Monthly installments were applied first to interest calculated on the outstanding principal balance at the per year rate of 6.97%, with the remainder applied toward the principal. As of July 31, 2021 and 2020, the outstanding mortgage balance was \$502,679 and \$517,998, respectively.

Subsequent to July 31, 2021, WestCOP used proceeds from grant funding to pay off the mortgage balance in full.

**NOTE 13**      **PAYROLL PROTECTION PROGRAM**

In May 2020, WestCOP and Affiliates received a forgivable loan of \$1,575,149 through the U.S. Small Business Administration Paycheck Protection Program. The loan was fully forgiven in February 2022. During the years ended July 31, 2021 and 2020, WestCOP and Affiliates recognized \$529,510 and \$1,045,639 in revenue, which represents qualifying expenditures incurred and reimbursable under the program.

**WESTCHESTER COMMUNITY OPPORTUNITY  
PROGRAM, INC. AND AFFILIATES**

Notes to Consolidated Financial Statements  
Years Ended July 31, 2021 and 2020

**NOTE 14 PENSION PLAN**

WestCOP has a defined contribution pension plan covering those full-time employees 21 years of age and older who have completed at least one year of service. WestCOP's employer contribution to the plan was 4% of eligible salaries for both the years ended July 31, 2021 and 2020. Pension expense for the years ended July 31, 2021 and 2020 was \$358,287 and \$304,187, respectively.

**NOTE 15 OPERATING LEASE COMMITMENTS**

WestCOP leases buildings for use in their programs under operating leases. Rental expense for the years ended July 31, 2021 and 2020 was \$1,827,521 and \$1,756,620, respectively.

The minimum rental payments for leases expiring at various dates are as follows:

<u>Year Ending July 31,</u>	<u>Amount</u>
2022	\$ 325,795
2023	307,890
2024	267,394
	<u>\$ 901,079</u>

In June 2022, WestCOP amended its lease agreement for office space to reduce space. Revised approximate minimum rental payments reflecting this lease amendment amount to approximately \$264,000 for fiscal year 2022; \$245,000 for fiscal year 2023 and \$234,000 for fiscal year 2024.

**NOTE 16 NET ASSETS WITH DONOR RESTRICTIONS**

As of both July 31, 2021 and 2020, net assets with donor restrictions of \$41,313 are available to support various programs.

**NOTE 17 CONTINGENT LIABILITIES**

Potential for Government Reviews and Audits

Grants and revenue from services rendered are subject to audit by the government agencies.

**WESTCHESTER COMMUNITY OPPORTUNITY  
PROGRAM, INC. AND AFFILIATES**

Notes to Consolidated Financial Statements  
Years Ended July 31, 2021 and 2020

**NOTE 17      CONTINGENT LIABILITIES** *(continued)*

Potential for Government Reviews and Audits *(continued)*

In the past, WestCOP has been audited by the U.S. Department of Health and Human Services (DHHS), the New York State Department of State and the New York State Division of Housing and Community Renewal. Management indicated that there have been no reportable liabilities brought to its attention and that there exists no material liabilities outstanding at the current time. No provision for potential allowances is reflected in the accompanying consolidated financial statements.

Litigation

WestCOP and Affiliates are involved in several legal proceedings arising in the ordinary course of its business for which there is insurance coverage. Management believes that these legal proceedings will not have a material adverse effect on WestCOP and Affiliates' consolidated financial position, changes in net assets, or cash flows.

**NOTE 18      CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject WestCOP to a concentration of credit risk are cash accounts with major financial institutions in excess of FDIC insurance limits. These financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal.

WestCOP receives a substantial portion of its revenue from the U.S. Department of Health and Human Services. If for any reason this grantor discontinues funding, there is a risk that WestCOP will not be able to continue operations and provide its current services.

**NOTE 19      SUBSEQUENT EVENTS**

WestCOP and Affiliates have evaluated subsequent events through November 18, 2022, the date the consolidated financial statements were available to be issued.

Except as described in Notes 11, 12, 13 and 15, no events requiring recognition or disclosure have been identified.

**SUPPLEMENTARY INFORMATION**

**WESTCHESTER COMMUNITY OPPORTUNITY PROGRAM, INC. AND AFFILIATES**

Schedule of Revenues and Expenses

Westchester Weatherization

Contract No. C093550 For 4/1/20 – 7/31/21

	Budgeted Amounts 4/1/20–7/31/21 (Unaudited)	Actual 4/1/20 - 7/31/21		Total Revenues and Expenses	Comparison to Budget (Over) Under
		Period 4/1/20–7/31/20	Period 8/1/20–7/31/21		
<i>Revenue</i>					
Grant income	\$ 4,354,781	\$ 2,128,935	\$ 1,954,350	\$ 4,083,285	\$ 271,496
Total revenue	4,354,781	2,128,935	1,954,350	4,083,285	271,496
<i>Expenditures</i>					
Agency	45,200	28,185	40,678	68,863	(23,663)
Subcontracted	1,033,090	729,547	663,898	1,393,445	(360,355)
Subtotal	1,078,290	757,732	704,576	1,462,308	(384,018)
<i>Labor</i>					
Salaries/Wages and fringe benefits	1,056,432	723,227	332,657	1,055,884	548
Subcontracted	992,262	372,861	483,217	856,078	136,184
Subtotal	2,048,694	1,096,088	815,874	1,911,962	136,732
Program support	428,164	181,269	104,268	285,537	142,627
Health and safety	312,286	122,168	9,197	131,365	180,921
Liability/Vehicle insurance	19,880	16,820	727	17,547	2,333
Financial audit	35,000	13,653	1,745	15,398	19,602
Training and technical assistance	105,145	18,295	-	18,295	86,850
Administration	247,322	164,618	76,255	240,873	6,449
Capital equipment	80,000	-	-	-	80,000
Total expenditures	4,354,781	2,370,643	1,712,642	4,083,285	271,496
<b>Revenue over (under) expenditures</b>	<b>\$ -</b>	<b>\$ (241,708)</b>	<b>\$ 241,708</b>	<b>\$ -</b>	<b>\$ -</b>

SCHEDULE 2

**WESTCHESTER COMMUNITY OPPORTUNITY PROGRAM, INC. AND AFFILIATES**

Schedule of Revenues and Expenses

Westchester Weatherization

Contract No. C0093550 For 4/1/21 – 7/31/21

For the Year Ended July 31, 2021

	<b>Budgeted Amounts 4/1/21–3/31/22 (Unaudited)</b>	<b>Actual Revenues/ Expenses 4/1/21–7/31/21</b>	<b>Comparison to Budget (Over) Under</b>
<i>Revenue</i>			
Grant income	\$ 2,670,090	\$ 332,034	\$ 2,338,056
Total revenue	<u>2,670,090</u>	<u>332,034</u>	<u>2,338,056</u>
<i>Expenditures</i>			
Agency	50,000	7,682	42,318
Subcontracted	600,000	30,281	569,719
Subtotal	<u>650,000</u>	<u>37,963</u>	<u>612,037</u>
<i>Labor</i>			
Salaries/Wages	762,493	176,208	586,285
Fringe benefits	511,234	16,795	494,439
Subtotal	<u>1,273,727</u>	<u>193,003</u>	<u>1,080,724</u>
Program support	252,909	40,416	212,493
Health and safety	150,000	10,723	139,277
Liability/Vehicle insurance	26,000	5,760	20,240
Financial audit	45,000	9,425	35,575
Training and technical assistance	32,205	-	32,205
Administration	200,249	34,744	165,505
Capital equipment	40,000	-	40,000
Total expenditures	<u>2,670,090</u>	<u>332,034</u>	<u>2,338,056</u>
<b>Revenues over (under) expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**WESTCHESTER COMMUNITY OPPORTUNITY PROGRAM, INC. AND AFFILIATES**  
Schedule of Expenditures of Federal Awards  
For the Year Ended July 31, 2021

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Pass-Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<b>U.S. Department of Health and Human Services</b>				
Head Start Program	93.600			\$ 16,564,103
Early Head Start Child Care Partnership/ Babies Step Forward	93.600		\$ 1,344,498	\$ 18,459,382
<i>Pass-through programs from:</i>				
National Council on Aging				
Medicare Enrollment Assistance	93.071	NCOA 1223		31,284
<i>477 Cluster</i>				
New York State Department of State				
Community Services Block Grant	93.569	C1001221		17,419
Community Services Block Grant	93.569	C1001496		1,061,142
Community Services Block Grant	93.569	C1001828		245,690
Putnam County Department of Social Services				
Temporary Assistance for Needy Families	93.558	TANF 2020 & 2021		55,536
Total 477 Cluster				<u>1,379,787</u>
Westchester County Department of Social Services				
Social Services Block Grant	93.667	DSS 620 / DSS 6023		4,224
New York State Office of Temporary and Disability Assistance				
Low-Income Home Energy Assistance	93.568	YR 2020/2021		6,896
New York State Division of Housing and Community Renewal				
Low-Income Home Energy Assistance	93.568	C09355GG		<u>1,329,039</u>
Total U.S. Department of Health and Human Services				<u>21,210,612</u>

The accompanying notes are an integral part of this schedule.

**WESTCHESTER COMMUNITY OPPORTUNITY PROGRAM, INC. AND AFFILIATES**

Schedule of Expenditures of Federal Awards *(continued)*  
For the Year Ended July 31, 2021

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Labor</b>				
<i>Pass-through programs from:</i>				
WIOA Cluster:				
Westchester and Putnam Workforce Investment Board				
WIOA Youth Activities	17.259	DSS 42119	\$	86,482
City of Yonkers				
WIOA Youth Activities	17.259	Westcop 2020 WIOA		142,234
City of Mount Vernon				
WIOA Youth Activities	17.259	DSS 43819		145,245
Total WIOA Cluster				<u>373,961</u>
Total U.S. Department of Labor				<u>-</u>
<b>Corporation for National and Community Service</b>				
<i>Pass-through program from:</i>				
Foster Grandparent / Senior Companion Cluster:				
Foster Grandparent Program	94.011			<u>992,954</u>
<b>U.S. Department of Homeland Security</b>				
<i>Pass-through program from:</i>				
United Way of Westchester and Putnam				
Emergency Food and Shelter National Board	97.024	629600-001		92,683
Emergency Food and Shelter National Board	97.024	623600-004		20,000
Total U.S. Department of Homeland Security				<u>112,683</u>
<b>U.S. Department of Agriculture</b>				
<i>Pass-through program from:</i>				
New York State Department of Health				
Child and Adult Care Food Program	10.558	3029		<u>716,067</u>

The accompanying notes are an integral part of this schedule.

**WESTCHESTER COMMUNITY OPPORTUNITY PROGRAM, INC. AND AFFILIATES**

Schedule of Expenditures of Federal Awards *(continued)*  
For the Year Ended July 31, 2021

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Education</b>				
<i>Pass-through programs from:</i>				
New York State Education Department				
Special Education Cluster (IDEA):				
Special Education - Grants to States	84.027	611	\$ 51,631	
Special Education - Preschool Grants	84.173	619	13,431	\$ 65,062
Total U.S. Department of Education and Special Education Cluster				<u>65,062</u>
<b>U.S. Department of Energy</b>				
<i>Pass-through program from:</i>				
New York State Division of Housing and Community Renewal				
Weatherization Assistance for Low-Income Persons	81.042	C093550GG		<u>250,473</u>
Total U.S. Department of Energy				<u>250,473</u>
<b>U.S. Department of Justice</b>				
<i>Pass-through programs from:</i>				
New York State Crime Victims Board				
Crime Victim Assistance	16.575	C11115GG/C- 10846GG/V11137GG		1,003,155
New York State Division of Criminal Justice Services				
Violence Against Women Formula Grants	16.588	C652070	11,680	
Violence Against Women Formula Grants	16.588	C652119	38,489	50,169
Total U.S. Department of Justice				<u>1,053,324</u>

The accompanying notes are an integral part of this schedule.

**WESTCHESTER COMMUNITY OPPORTUNITY PROGRAM, INC. AND AFFILIATES**

Schedule of Expenditures of Federal Awards *(continued)*  
 For the Year Ended July 31, 2021

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Pass-Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<b>U.S. Department of Housing and Urban Development</b>				
CDBG - Entitlement Grants Cluster:				
<i>Pass-through program from:</i>				
City of White Plains				
Community Development Block Grants/Entitlement Grants	14.218	CDBG		\$ 7,479
Westchester County Department of Social Services				
Continuum of Care Program	14.267	NY1050L2T041904		<u>17,418</u>
Total U.S. Department of Housing and Urban Development				<u>24,897</u>
<b>U.S. Department of Veterans Affairs</b>				
VA Supportive Services for Veteran Families Program	64.033			<u>3,396,079</u>
<b>Total expenditures of federal awards</b>			<u>\$ 1,344,498</u>	<u>\$ 28,196,112</u>

The accompanying notes are an integral part of this schedule.

**WESTCHESTER COMMUNITY OPPORTUNITY  
PROGRAM, INC. AND AFFILIATES**

Notes to the Schedule of Expenditures of Federal Awards  
Year Ended July 31, 2021

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Westchester Community Opportunity Program, Inc. and Affiliates (hereinafter referred to as WestCOP and Affiliates) under programs of the federal government for the year ended July 31, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Westchester Community Opportunity Program, Inc. and Affiliates, it is not intended to and does not present the financial position, changes in net assets or cash flows of WestCOP and Affiliates.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 INDIRECT COST RATE**

WestCOP and Affiliates has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



**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**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Westchester Community Opportunity  
Program, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Westchester Community Opportunity Program, Inc. and Affiliates (hereinafter referred to as WestCOP and Affiliates), which comprise the consolidated statement of financial position as of July 31, 2021, 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 November 18, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered WestCOP and Affiliates' 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 WestCOP and Affiliates' internal control. Accordingly, we do not express an opinion on the effectiveness of WestCOP and Affiliates' internal control.

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

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

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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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as 2021-001 to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether WestCOP and Affiliates' 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*.

### **WestCOP and Affiliates' Response to Finding**

WestCOP and Affiliates' response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. WestCOP and Affiliates' response was not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on it.

### **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.

*Mitchell Titus, LLP*

November 18, 2022



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

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Westchester  
Community Opportunity Program, Inc.

**Report on Compliance for Each Major Federal Program**

We have audited Westchester Community Opportunity Program, Inc. and Affiliates' (hereinafter referred to as WestCOP and Affiliates) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of WestCOP and Affiliates' major federal programs for the year ended July 31, 2021. WestCOP and Affiliates' 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of WestCOP and Affiliates' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the 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 WestCOP and Affiliates' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

#### ***Basis for Qualified Opinion on Each Major Federal Program***

As described in the accompanying schedule of findings and questioned costs, WestCOP and Affiliates did not comply with requirements regarding U.S. Department of Health and Human Services, CFDA Number 93.600, Head Start Program and Early Head Start Child Care Partnership/Babies Step Forward; CFDA Number 93.569/93.558, 477 Cluster; CFDA Number 93.568, Low-Income Energy Assistance as described in finding number 2021-002 for Allowable Costs/Cost Principles. Compliance with such requirements is necessary, in our opinion, for WestCOP and Affiliates to comply with the requirements applicable to those programs.

#### ***Qualified Opinion on Each Major Federal Program***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, WestCOP and Affiliates complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal programs for the year ended July 31, 2021.

#### **Report on Internal Control over Compliance**

Management of WestCOP and Affiliates 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 WestCOP and Affiliates' 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 WestCOP and Affiliates' internal control over compliance.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-002 to be a material weakness.

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.

WestCOP and Affiliates' response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. WestCOP and Affiliates' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

*Mitchell Titus, LLP*

November 18, 2022

**WESTCHESTER COMMUNITY OPPORTUNITY PROGRAM, INC. AND AFFILIATES**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended July 31, 2021

**SECTION 1—SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued:

Unmodified

*Internal control over financial reporting:*

- Material weakness(es) identified?  Yes  No
- Significant deficiency (ies) identified  Yes  None reported

Noncompliance material to consolidated financial statements noted

Yes  No

**Federal Awards**

*Internal control over major programs:*

- Material weakness (es) identified?  Yes  No
- Significant deficiency (ies) identified  Yes  None reported

Type of auditor’s report issued on compliance for major programs:

Qualified

Any audit findings disclosed that are required to be reported in accordance with Section 2CFR 200.516(a)?

Yes  No

**Identification of Major Programs**

<u>CFDA No.</u>	<u>Name of Federal Program or Cluster</u>
93.600	U.S. Department of Health and Human Services Head Start Program
93.600	Early Head Start Child Care Partnership/Babies Step Forward
93.569/93.558	U.S. Department of Health and Human Services 477 Cluster
93.568	U.S. Department of Health and Human Services Low-Income Home Energy Assistance

Dollar threshold used to distinguish between Type A and Type B programs:

\$845,883

Auditee qualified as a low-risk auditee?

Yes  No

**WESTCHESTER COMMUNITY OPPORTUNITY  
PROGRAM, INC. AND AFFILIATES**

Schedule of Findings and Questioned Costs (*continued*)

For the Year Ended July 31, 2021

**SECTION II—CONSOLIDATED FINANCIAL STATEMENT FINDINGS**

**Finding 2021-001: Financial Statement Close Process**

*Criteria:* Management is responsible for designing, implementing and maintaining processes and internal controls necessary to accurately prepare consolidated financial statements and related disclosures that conform to accounting principles generally accepted in the United States of America (U.S. GAAP) on a timely basis.

*Condition:* The financial statement close process for the July 31, 2021 consolidated financial statements was time consuming and several closing adjustments were recorded throughout the audit process.

*Context:* The financial statement close and audit processes for the fiscal year 2021 consolidated financial statements was not completed until after the end of the next fiscal year (fiscal year 2022), resulting in a delinquent submission of the consolidated financial statements and audit reports to the Federal Audit Clearinghouse.

*Effect:* The weaknesses in the financial statement close process resulted in substantial delays in the finalization of the consolidated financial statements and the audit.

*Cause:* Fiscal year 2021 was a year of transition for WestCOP and Affiliates and there were significant changes in programs, as well as changes in finance and other personnel.

*Recommendation:* We recommend that management evaluate the Agency's year-end financial statement close process and develop a timeline and checklist of required procedures to improve the efficiency, timeliness and completeness of the closing process. A timeline should be developed to ensure that financial reporting and audit submission deadlines are achieved.

*Views of responsible officials and planned corrective actions:* WestCOP's key management personnel: The Chief Executive Officer, Chief Financial Officer, and Human Resource Director were vacant positions for most of FY21. In fact, it would not be until February 2022 that the Chief Executive Officer, Chief Financial Officer, and Human Resource Consultant (MyHR) would emerge as a comprehensive unit to provide organizational stability. The absence of these key personnel in conjunction with the "Great Resignation" and other variables of the COVID-19 epidemic, adversely impacted the WestCOP's operating and reporting functions. The operating and reporting functions include but are not limited to the year-end close-out process and the audit commencement date.

WestCOP has resolved its core transition issues and will strengthen its policies and procedures to include a checklist and timeline that will provide a more efficient, timelier and complete year-end close and a reasonable audit commencement date. However, it should be noted that policy and procedure alone could not have addressed the issue of employing personnel which is not only a regional and national issue, but an international one.

**WESTCHESTER COMMUNITY OPPORTUNITY  
PROGRAM, INC. AND AFFILIATES**

Schedule of Findings and Questioned Costs (*continued*)  
For the Year Ended July 31, 2021

**SECTION III—FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**Finding 2021-002: Allowable Costs/Cost Principles - Time and Effort Reporting**

*Federal program information:* U.S. Department of Health and Human Services, CFDA Number 93.600, Head Start Program and Early Head Start Child Care Partnership/Babies Step Forward; U.S. Department of Health and Human Services, CFDA Number 93.569/93.558, 477 Cluster; U.S. Department of Health and Human Services, CFDA Number 93.568, Low-Income Energy Assistance

*Criteria:* The Code of Federal Regulations Section 200.430 (2 CFR 200.430) requires that charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. Budget estimates determined prior to services being performed by personnel may be used for interim accounting processes, but the organization's internal controls must include a process to review these charges after services have been performed to make any necessary adjustments to ensure that final amounts charged to federal awards are accurate, allowable and properly allocated. Budget estimates alone do not qualify as support for charges to federal awards. Charges for salaries and wages must be supported by documentation that is incorporated into the official records of the organization.

*Condition:* For the year ended July 31, 2021, WestCOP and Affiliates used status change forms to document an estimation of the distribution of employees' salaries and wages among specific programs. Management's process is to complete a status change form for an employee upon hire and then modify the form when there is a significant change in an employee's duties impacting the allocation of time and effort among programs. The accounting department uses the distribution documented in the status change form to determine how to charge an employee's compensation to programs and federal awards. While management has communicated to the auditors that regular reviews of actual personnel time and effort were performed during the year ended July 31, 2021, there is no formal documentation of this review process. For some samples, charges were supported by status change forms dated in fiscal years prior to the fiscal year being audited (the fiscal year ended July 31, 2021). In addition, our testing of salary and wage charges to the 477 Cluster (CFDA 93.568) revealed two instances for which we were unable to recalculate the amounts charged to the federal award based on the status change forms provided.

*Questioned Costs:* Not determinable.

*Context:* For all major programs tested, management did not provide documentation of its review of actual personnel time and effort after employee services were provided, such as personnel time reports or any other documented analysis of how personnel actually spent their time versus the estimates. Personnel costs represent a significant component of the total cost charged to the three major programs for the year ended July 31, 2021. We tested 40 individual charges of salaries and wages for each of the three major federal award programs. For the 477 Cluster, we observed testing exceptions for two (2) out of our 40 selections as described in the condition above. For other selections, we were able to recalculate the charges based on the estimated distributions per employee status change forms. Several selected employees for each program also spend 100% of their time on the programs, so allocations are not applicable.

**WESTCHESTER COMMUNITY OPPORTUNITY  
PROGRAM, INC. AND AFFILIATES**

Schedule of Findings and Questioned Costs *(continued)*  
For the Year Ended July 31, 2021

**SECTION III—FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS** *(continued)*

**Finding 2021-002: Allowable Costs/Cost Principles - Time and Effort Reporting** *(continued)*

*Effect:* WestCOP and Affiliates were unable to demonstrate that personnel costs charged to the major federal award programs reflected actual time incurred on the programs that were properly supported in compliance with the time and effort reporting requirements described in 2 CFR 200.430.

*Cause:* Management does not have a formal, documented process to review actual personnel time and effort after employee services are performed to ensure that charges to federal awards based on estimates are accurate. Charges to federal awards are based on estimates documented in personnel status change forms prior to services being performed. While these forms may be updated periodically to reflect changes in estimates of personnel time and effort, the updates are not supported by any documented analysis of actual time and effort.

*Recommendation:* Management can continue using the estimates of the distribution of employees' time per status change forms for interim accounting processes. However, we recommend that management formally document a process to periodically review the actual distribution of employee time and effort among federally-funded programs. Management can determine the frequency of this documentation, but we recommend that such review be formally documented at least monthly. Documentation could be in the form of personnel time and effort reports reflecting the distribution of actual time among programs prepared by employees and reviewed by direct supervisors. Alternatively, management personnel familiar with employees' activities, such as direct supervisors, could prepare periodic analyses of the distribution of employee time and effort to support allocations and charges of salaries and wages to federal awards.

*Views of responsible officials and planned corrective actions:* For employees who are paid in full or in part with federal and other funds, management will increase the frequency of the time and effort reporting to quarterly intervals. Specifically, employees will document their time and effort based on funding sources for each payroll period; and at the end each quarter, management will review and compare the actual time and effort percentages with the current ADP Labor Distribution Report for reasonableness. The Management review report will be used as a basis to effect changes to the labor distribution report using the employee status change forms. The time and effort documentation will be available for audit.

Westchester Community Opportunity Program, Inc. and Affiliates  
EIN 13-2547122  
Corrective Action Plan  
For the Year Ended July 31, 2021  
**(Unaudited)**

Contact responsible for all corrective actions: Vernon Fray, Chief Financial Officer, 914-592-5600

***Finding 2021-001: Financial Statement Close-out Process***

WestCOP's key management personnel: The Chief Executive Officer, Chief Financial Officer, and Human Resource Director were vacant positions for most of FY21. In fact, it would not be until February 2022 that the Chief Executive Officer, Chief Financial Officer, and Human Resource Consultant (MyHR) would emerge as a comprehensive unit to provide organizational stability. The absence of these key personnel in conjunction with the "Great Resignation" and other variables of the COVID-19 epidemic, adversely impacted the WestCOP's operating and reporting functions. The operating and reporting functions include but are not limited to the year-end close-out process and the audit commencement date.

WestCOP has resolved its core transition issues and will strengthen its policies and procedures to include a checklist and timeline that will provide a more efficient, timelier and complete year-end close and a reasonable audit commencement date. However, it should be noted that policy and procedure alone could not have addressed the issue of employing personnel which is not only a regional and national issue, but an international one.

***Finding 2021-002: Allowable Costs/Cost Principles-Time and Effort Reporting***

For employees who are paid in full or in part with federal and other funds, management will increase the frequency of the time and effort reporting to quarterly intervals. Specifically, employees will document their time and effort based on funding sources for each payroll period; and at the end each quarter, management will review and compare the actual time and effort percentages with the current ADP Labor Distribution Report for reasonableness. The Management review report will be used as a basis to effect changes to the labor distribution report using the employee status change forms. The time and effort documentation will be available for audit.

