

**ETHIOPIAN TEWAHEDO SOCIAL SERVICES
(A Nonprofit Organization)**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

ETHIOPIAN TEWAHEDO SOCIAL SERVICES

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Ethiopian Tewahedo Social Services
Columbus, Ohio

Report on Financial Statements

We have audited the accompanying financial statements of **Ethiopian Tewahedo Social Services** (a nonprofit Organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

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

INDEPENDENT AUDITORS' REPORT - CONTINUED

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Ethiopian Tewahedo Social Services** as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Effect of Adopting New Accounting Standards

As discussed in Note 1, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, during 2018. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Other Matters

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2019 on our consideration of the Organization's internal control over financial reporting, and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 the Organization's internal control over financial reporting and compliance.



Columbus, Ohio
March 19, 2019

ETHIOPIAN TEWAHEDO SOCIAL SERVICES**STATEMENTS OF FINANCIAL POSITION****DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 173,836	\$ 223,815
Grants receivable	411,345	400,934
Pledges receivable	25,000	-
Prepaid expenses	21,269	29,976
Deposit	<u>2,558</u>	<u>2,530</u>
Total current assets	634,008	657,255
EQUIPMENT AND FURNISHINGS, NET OF ACCUMULATED DEPRECIATION OF \$20,639 AND \$19,273	<u>538</u>	<u>1,904</u>
	\$ 634,546	\$ 659,159
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Line of credit	\$ -	\$ 201,603
Accounts payable	23,457	17,048
Accrued liabilities	<u>178,788</u>	<u>138,889</u>
Total current liabilities	202,245	357,540
NET ASSETS		
Net assets without donor restrictions - available for operations	407,301	301,619
Net assets with donor restrictions - purpose restriction	<u>25,000</u>	<u>-</u>
	432,301	301,619
	\$ 634,546	\$ 659,159

ETHIOPIAN TEWAHEDO SOCIAL SERVICES
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Public Support and Revenue		
Grants	\$ 3,431,034	\$ 2,837,788
Donations	171,302	114,124
Special events	85,195	49,301
Interest	<u>1</u>	<u>1</u>
Total Public Support and Revenue	<u>3,687,532</u>	<u>3,001,214</u>
EXPENSES		
Program services	3,176,856	2,689,514
Supportive services	378,722	286,093
Fundraising	<u>26,272</u>	<u>23,964</u>
Total Expenses	<u>3,581,850</u>	<u>2,999,571</u>
Increase in net assets without donor restrictions	105,682	1,643
NET ASSETS WITH DONOR RESTRICTIONS		
Donations	<u>25,000</u>	<u>-</u>
INCREASE IN NET ASSETS	130,682	1,643
NET ASSETS		
Beginning of year	<u>301,619</u>	<u>299,976</u>
End of year	<u>\$ 432,301</u>	<u>\$ 301,619</u>

ETHIOPIAN TEWAHEDO SOCIAL SERVICES

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018				2017			
	Program Services	Supportive Services	Fundraising	Total	Program Services	Supportive Services	Fundraising	Total
Salaries and compensation	\$ 2,412,349	\$ 226,769	\$ 9,437	\$ 2,648,555	\$ 2,077,594	\$ 165,560	\$ 9,028	\$ 2,252,182
Payroll taxes and benefits	340,654	76,994	3,198	420,846	271,374	52,193	3,280	326,847
Professional fees	125,432	31,693	11,555	168,680	94,120	42,663	10,058	146,841
Supplies	141,707	12,781	1,977	156,465	117,218	9,057	1,598	127,873
Occupancy costs	92,650	14,462	-	107,112	73,925	359	-	74,284
Bank charges	-	2,555	-	2,555	-	1,086	-	1,086
Equipment rental	7,375	-	-	7,375	7,727	-	-	7,727
Travel and training	52,879	-	15	52,894	40,496	11	-	40,507
License and permits	305	285	-	590	-	297	-	297
Miscellaneous	2,139	6,857	90	9,086	3,667	8,060	-	11,727
Interest expense	-	6,326	-	6,326	-	6,807	-	6,807
Depreciation	1,366	-	-	1,366	3,393	-	-	3,393
Total Expenses	<u>\$ 3,176,856</u>	<u>\$ 378,722</u>	<u>\$ 26,272</u>	<u>\$ 3,581,850</u>	<u>\$ 2,689,514</u>	<u>\$ 286,093</u>	<u>\$ 23,964</u>	<u>\$ 2,999,571</u>

See notes to financial statements.

ETHIOPIAN TEWAHEDO SOCIAL SERVICES**STATEMENTS OF CASH FLOWS****YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
OPERATING ACTIVITIES		
Increase in net assets	\$ 130,682	\$ 1,643
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation	<u>1,366</u>	<u>3,393</u>
	132,048	5,036
Changes in operating assets and liabilities:		
Grants receivable	(10,411)	(110,897)
Pledges receivable	(25,000)	-
Prepaid expenses	8,707	(14,788)
Deposit	(28)	(2,500)
Accounts payable	6,409	9,830
Accrued liabilities	<u>39,899</u>	<u>63,402</u>
	151,624	(49,917)
Net Cash Provided (Used) by Operating Activities		
FINANCING ACTIVITIES		
Net borrowings (payments) on line of credit	(201,603)	181,527
Proceeds from Ann Sherry Foundation loan	50,000	50,000
Payments on Ann Sherry Foundation loan	<u>(50,000)</u>	<u>(50,000)</u>
	(201,603)	181,527
Net Cash Provided (Used) by Financing Activities		
NET INCREASE (DECREASE) IN CASH	(49,979)	131,610
CASH		
Beginning of year	<u>223,815</u>	<u>92,205</u>
End of year	<u>\$ 173,836</u>	<u>\$ 223,815</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 6,326</u>	<u>\$ 6,807</u>

ETHIOPIAN TEWAHEDO SOCIAL SERVICES

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ethiopian Tewahedo Social Services (the "Organization") is a nonprofit organization engaged in assisting immigrants, refugees, and low income individuals in Central Ohio to improve the quality of their lives, to facilitate integration through education, training, supportive services, and self-development opportunities, and to increase awareness of the culture and heritage of Central Ohio's immigrant and refugee population. The Organization's main operating units are located in Columbus, Ohio, and the majority of its operating revenue is derived from government grants.

Accounting Methods - The Organization maintains its accounts on the accrual basis of accounting and prepares its financial statements in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation - Accounting standards require the Organization to report information regarding its 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 available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has not designated, from net assets without donor restrictions, any net assets without donor restrictions as board designated net assets.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purposes for which the resource was restricted has been fulfilled, or both. The Organization has no net assets that are required to be maintained in perpetuity.

Financial Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been presented on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated between programs, supporting services, and fundraising. Costs are charged to supportive services where they benefit a majority of the projects for the Organization. Management and organization expenses that cannot be allocated directly or indirectly to programs are included in supportive services. Depreciable assets are allocated to the program utilizing the asset. Salaries and benefits are allocated to the program associated with the individuals' purpose, whereas salaries of individuals and other expenses involved with the fundraising process are allocated to fundraising.

Contributions - Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. All other donor restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions, and reported in the statements of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as net assets without donor restriction contributions.

ETHIOPIAN TEWAHEDO SOCIAL SERVICES

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as increases in net assets with donor restrictions. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Donations with specified time stipulations are recorded as increases in net assets with donor restrictions. The Organization reclassifies these net assets with donor restrictions to net assets without donors restrictions each year for the amount based on donor specified time or usage stipulations.

Concentrations - Financial instruments that are exposed to concentrations of credit risk consist of grants receivable. The grants receivable are principally from government agencies. Amounts due from government agencies represent essentially all grants receivable at December 31, 2018 and 2017.

Further, three funding agencies combined provided in excess of 80% of the Organization's total public support and revenue for the years 2018 and 2017.

Equipment and Furnishings - Equipment and furnishings are stated at cost, which for donated items is the fair value at the time of the gift. Depreciation is provided over their estimated useful lives, which range from 3 to 5 years, using the straight-line method. It is the Organization's policy to capitalize equipment and furnishings whose cost is \$2,000 or more. Routine repairs and maintenance are charged to expense as incurred.

The Organization reviews for impairment of long-lived assets in accordance with accounting standards. These standards require organizations to determine if changes in circumstances indicate that the carrying amount of its long-lived assets may not be recoverable. If a change in circumstances warrants such an evaluation, undiscounted future cash flows from the use and ultimate disposition of the asset, as well as respective market values, are estimated to determine if an impairment exists. Management believes that there has been no impairment of the carrying value of its long-lived assets at December 31, 2018 and 2017.

Income Taxes - The Organization is a nonprofit organization and is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes is presented in these financial statements. The Organization is not considered to be a private foundation.

Accounting for Uncertainty in Income Taxes - Accounting standards require the evaluation of tax positions taken, or expected to be taken, in the course of preparing the Organization's tax return, to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. This statement provides that a tax benefit from an uncertain tax position may be recognized in the financial statements only when it is "more-likely-than-not" the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based upon the technical merits and consideration of all available information. Once the recognition threshold is met, the portion of the tax benefit that is recorded represents the largest amount of tax benefit that is greater than 50 percent likely to be realized upon settlement with a taxing authority. Based on its review, management does not believe the Organization has taken any material uncertain tax positions, including any position that would place the Organization's exempt status in jeopardy, as of December 31, 2018.

Recently Issued Accounting Standards not Yet Adopted - In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Since the issuance of this standard, there have been several additional standards issued relative to this topic. These standards will be effective for the calendar year ending December 31, 2019. The Organization is currently in the process of evaluating the impact of adoption of these standards on the financial statements.

ETHIOPIAN TEWAHEDO SOCIAL SERVICES

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, in June 2018. This standard will be effective for the calendar year ending December 31, 2019. The Organization is currently in the process of evaluating the impact of adoption of this standard on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which will require the recognition of right-to-use assets and lease liabilities for leases previously classified as operating leases by lessees. Since the issuance of this standard, there have been several additional standards issued relative to this topic. These standards will be effective for the calendar year ending December 31, 2020. Early application will be permitted. The Organization is currently in the process of evaluating the impact of adoption of these standards on the financial statements.

Adoption of New Accounting Standards - The Organization adopted the provisions of the Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, during 2018. ASU 2016-14 addresses the complexity and understandability of net assets classifications, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. ASU 2016-14 has been applied retrospectively to all periods presented.

Subsequent Events - In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 19, 2019, the date the financial statements were available to be issued.

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash	\$ 173,836
Grants receivable	411,345
Pledge receivable	<u>25,000</u>
Total financial assets	610,181
Less those unavailable for general expenditure within one year due to:	
Purpose restrictions	<u>(25,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 585,181</u>

The purpose restrictions discussed above are funds scheduled to be received for the summer youth program. The board has the right and ability to designate funds for specific use but as of the statement of financial position date, the board has not designated any net assets.

To further manage liquidity the Organization maintains a line of credit of \$250,000 with a bank that can be drawn upon as needed during the year to manage cash flow. See Note 3 for further description of this line.

ETHIOPIAN TEWAHEDO SOCIAL SERVICES

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - LINE OF CREDIT

Effective June 8, 2017, the Organization amended its line of credit with a bank to increase the maximum borrowing limit from \$150,000 to \$250,000. Interest is payable monthly at the national Prime rate (5.50% and 4.50% at December 31, 2018 and 2017). The line of credit matured in June 2018 and was extended to June 2019. The line of credit is secured by all assets of the Organization. The Organization did not have any outstanding borrowings at December 31, 2018. Outstanding borrowing on the line of credit was \$201,603 at December 31, 2017.

NOTE 4 - NOTE PAYABLE

The Organization entered into two separate \$50,000 promissory notes with the Ann Sherry Foundation on May 30, 2018 and July 24, 2018. The promissory notes required principal and interest payments (4.50% per annum) to be paid in full on October 30, 2018. The Organization paid all outstanding principal and interest in accordance with the provisions of the financing agreement.

On June 22, 2017, the Organization entered into a financing agreement with Ann Sherry Foundation in the amount of \$50,000. The promissory note required principal and interest payments (4.00% per annum) to be paid in full on October 22, 2017. The Organization paid all outstanding principal and interest in accordance with the provisions of the financing agreement.

During 2018 and 2017, a key employee was a board member of the Ann Sherry Foundation.

Interest expense on these notes payable and the line of credit was \$6,326 and \$6,807 for the years 2018 and 2017.

NOTE 5 - LEASE COMMITMENTS

The Organization has entered into a building lease for its primary office facility. The original lease required monthly rental payments of \$770, and expired in March 2018. The Organization entered into a new lease for this property requiring monthly rental payments of \$810, and expires in March 2023. In addition, the Organization has entered into additional lease agreements for facilities to carry certain program service activities. Monthly lease payments on these facilities range from \$600 to \$2,500 and the leases expire on various dates in 2019.

Rent expense on facility leases was \$65,000 and \$43,454 for the years 2018 and 2017.

Future minimum lease payments due during the next year are \$57,870.

NOTE 6 - RELATED PARTY TRANSACTIONS

Periodically, contributions are received from members of the Organization's Board of Directors. The amount of these contributions were immaterial for the years 2018 and 2017. In addition, a senior member of management serves as a board member for the Ann Sherry Foundation. See Note 4.



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

Board of Directors
Ethiopian Tewahedo Social Services
Columbus, Ohio

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 financial statements of **Ethiopian Tewahedo Social Services** (a nonprofit Organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 19, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the 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 opinion on the 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.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Columbus, Ohio
March 19, 2019



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

Board of Directors
Ethiopian Tewahedo Social Services
Columbus, Ohio

Report on Compliance for Each Major Federal Program

We have audited **Ethiopian Tewahedo Social Services'** compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2018. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of 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 each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, **Ethiopian Tewahedo Social Services** complied, in all material respects, with the types of compliance requirements referred to above, that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

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

Report on Internal Control Over Compliance

Management of **Ethiopian Tewahedo Social Services** 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 the Organization's internal control over compliance.

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

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

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.



Columbus, Ohio
March 19, 2019

ETHIOPIAN TEWAHEDO SOCIAL SERVICES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2018

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services			
Pass-through programs from:			
Franklin County Department of Job and Family Services:			
State Administered Programs - Employability Services	93.566	Various	\$ 285,330
Title XX Social Services Block Grant - Employability Services and Targeted Assistance Grants	93.667	Various	131,767
Temporary Assistance for Needy Families - Summer Enrichment, Summer Youth Employment, Elementary and Middle School, and Afterschool Tutoring	93.558	Various	1,552,099
Targeted Assistance Grants	93.584	25-19-3181	117,326
ResCare Workforce Services:			
Temporary Assistance for Needy Families - ResCare WEP Site Management & Participant Services for Franklin County, OH	93.558	Various	267,666
OhioGuidestone:			
Temporary Assistance for Needy Families - CCMEP	93.558	25-18-3120	<u>101,449</u>
Total U.S. Department of Health and Human Services			<u>2,455,637</u>
U.S. Department of Homeland Security			
Citizenship Education and Training			
Citizenship Instruction	97.010	N/A	<u>46,932</u>
U.S. Department of Labor			
Pass-through program from:			
OhioGuidestone:			
CCMEP Out-of-School Youth	17.259	25-18-3120	<u>43,478</u>
U.S. Department of Justice			
Pass-through programs from:			
Franklin County Department of Homeland Security:			
S.T.O.P. Violence Against Women Act - Somali Women Advocacy	16.588	17-WF-WA6-8800	14,000
Ohio Attorney General:			
Victims of Crime Act - ETSS Family Care	16.575	Various	<u>190,928</u>
Total U.S. Department of Justice			<u>204,928</u>
Total expenditures of federal awards			<u>\$ 2,750,975</u>

ETHIOPIAN TEWAHEDO SOCIAL SERVICES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

YEAR ENDED DECEMBER 31, 2018

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of **Ethiopian Tewahedo Social Services** under programs of the federal government for the year ended December 31, 2018. 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* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of **Ethiopian Tewahedo Social Services**, it is not intended to and does not present the financial position, changes in net assets, or cash flows of **Ethiopian Tewahedo Social Services**.

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.

Ethiopian Tewahedo Social Services has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 - Subrecipients

Ethiopian Tewahedo Social Services provided no federal awards to subrecipients.

ETHIOPIAN TEWAHEDO SOCIAL SERVICES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2018

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on whether the financial statements of **Ethiopian Tewahedo Social Services** were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses are reported in the 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*.
3. No instances of noncompliance material to the financial statements of **Ethiopian Tewahedo Social Services**, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major federal award programs are reported in the Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for **Ethiopian Tewahedo Social Services** expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The program tested as a major program included: CFDA 93.558: TANF - Temporary Assistance to Needy Families.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. **Ethiopian Tewahedo Social Services** was determined to be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENT AUDIT AND MAJOR FEDERAL AWARD PROGRAM AUDIT

There were no findings or questioned costs for the financial statements audit or the major federal award program audit for the calendar year 2018.

ETHIOPIAN TEWAHEDO SOCIAL SERVICES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2018

There were no prior year findings.