



**HUMAN SERVICES PROGRAMS OF  
CARROLL COUNTY, INC. AND SUBSIDIARY**

**YEARS ENDED JUNE 30, 2023 AND 2022**



**Brown Plus**

ACCOUNTANTS + ADVISORS

**HUMAN SERVICES PROGRAMS OF  
CARROLL COUNTY, INC. AND SUBSIDIARY**

YEARS ENDED JUNE 30, 2023 AND 2022

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## Independent Auditor's Report

Board of Directors  
Human Services Programs of Carroll County, Inc. and Subsidiary  
Westminster, Maryland

### **Opinion**

We have audited the consolidated financial statements of Human Services Programs of Carroll County, Inc. and Subsidiary, which comprise the consolidated statements of financial position as of June 30, 2023 and 2022 and the related consolidated statements of activities, functional expenses and cash flows for the years then ended and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Human Services Programs of Carroll County, Inc. and Subsidiary as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial statement audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Human Services Programs of Carroll County, Inc. and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Consolidated Financial Statements**

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Human Services Programs of Carroll County, Inc. and Subsidiary's ability to continue as a going concern for one year after the date that the financial statements are issued.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

## Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis 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), and is 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 schedule of expenditures of federal awards 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 February 26, 2024, on our consideration of Human Services Programs of Carroll County, Inc. and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Human Services Programs of Carroll County, Inc. and Subsidiary's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Human Services Programs of Carroll County, Inc. and Subsidiary's internal control over financial reporting and compliance.

*Brown Plus*

Westminster, Maryland  
February 26, 2024

**HUMAN SERVICES PROGRAMS  
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2023 AND 2022

ASSETS

|   | 2023                | 2022                |
|---|---------------------|---------------------|
| <b>Current assets:</b>  |                     |                     |
| Cash and cash equivalents   | \$ 809,387          | \$ 2,294,929        |
| Unconditional promises to give  | 341,255             | 330,671             |
| Prepaid expenses  | 86,694              | 86,247              |
| Certificate of deposit  | 200,000             |                     |
| Promised use of facilities  | 359,470             | 358,021             |
| <b>Total current assets</b>   | <b>1,796,806</b>    | <b>3,069,868</b>    |
| <b>Property and equipment, net</b>  | <b>95,685</b>       | <b>177,334</b>      |
| <b>Other assets:</b>  |                     |                     |
| Cash and cash equivalents   | 90,452              |                     |
| Investments   | 659,414             | 678,381             |
| Promised use of facilities (net of unamortized<br>discount of \$82,550 and \$109,770, respectively) | 1,007,842           | 1,340,092           |
| Property held for sale  | 39,561              |                     |
| <b>Total other assets</b>   | <b>1,797,269</b>    | <b>2,018,473</b>    |
| <b>Total assets</b>   | <b>\$ 3,689,760</b> | <b>\$ 5,265,675</b> |

See notes to consolidated financial statements.

**HUMAN SERVICES PROGRAMS  
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2023 AND 2022

LIABILITIES AND NET ASSETS

|  | 2023                | 2022                |
|--|---------------------|---------------------|
| <b>Liabilities:</b>                      |                     |                     |
| Current liabilities:                     |                     |                     |
| Accounts payable and accrued liabilities | \$ 270,656          | \$ 1,315,686        |
| Accrued:                                 |                     |                     |
| Paid time off                            | 78,218              | 81,914              |
| Wages                                    | 75,615              | 70,816              |
| Refundable advances                      |                     | 136,101             |
| Current portion of long-term liabilities | 1,650               | 1,650               |
| Total current liabilities                | 426,139             | 1,606,167           |
| Long-term liabilities, loan payable      | 7,100               | 8,750               |
| <b>Total liabilities</b>                 | <b>433,239</b>      | <b>1,614,917</b>    |
| <b>Net assets:</b>                       |                     |                     |
| Without donor restrictions:              |                     |                     |
| Undesignated                             | 1,101,048           | 1,135,385           |
| Board designated                         | 749,866             | 693,973             |
| Total without donor restrictions         | 1,850,914           | 1,829,358           |
| With donor restrictions                  | 1,405,607           | 1,821,400           |
| <b>Total net assets</b>                  | <b>3,256,521</b>    | <b>3,650,758</b>    |
| <b>Total liabilities and net assets</b>  | <b>\$ 3,689,760</b> | <b>\$ 5,265,675</b> |

See notes to consolidated financial statements.

**HUMAN SERVICES PROGRAMS  
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023

|   | Net assets<br>without donor<br>restrictions | Net assets<br>with donor<br>restrictions | Total            |
|---|---|--|------------------|
| <b>Support, revenue and gains:</b>                      |   |  |                  |
| Support:  |   |  |                  |
| Contracts/grants  | \$ 4,048,843                                |  | \$ 4,048,843     |
| Contributions   | 160,028                                     | \$ 5,708                                 | 165,736          |
| Gifts-in-kind:  |   |  |                  |
| Donated items   | 125,007                                     |  | 125,007          |
| Donated/promised use of facilities                      |   | 27,220                                   | 27,220           |
|   |   |  |                  |
| Total support   | 4,333,878                                   | 32,928                                   | 4,366,806        |
| <br>  |   |  |                  |
| Revenue:  |   |  |                  |
| Shelter client fees                                     | 19,636                                      |  | 19,636           |
| DORS Fees   | 1,575                                       |  | 1,575            |
| OJT Fees  | 3,775                                       |  | 3,775            |
| Special events, net of direct costs of \$503            | 16,141                                      |  | 16,141           |
| Investment income                                       | 21,414                                      |  | 21,414           |
| Miscellaneous revenue                                   | 2,278                                       |  | 2,278            |
|   |   |  |                  |
| Total revenue   | 64,819                                      |  | 64,819           |
| <br>  |   |  |                  |
| Gains, net realized and unrealized gains on investments | 36,064                                      |  | 36,064           |
| <br>  |   |  |                  |
| Net assets released from restrictions                   | 448,721                                     | (448,721)                                | -                |
| <br>  |   |  |                  |
| <b>Total support and revenue</b>                        | <b>4,883,482</b>                            | <b>(415,793)</b>                         | <b>4,467,689</b> |

(continued)

**HUMAN SERVICES PROGRAMS  
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED JUNE 30, 2023

|                              | <u>Net assets<br/>without donor<br/>restrictions</u> | <u>Net assets<br/>with donor<br/>restrictions</u> | <u>Total</u>                      |
|------------------------------|--|---|-----------------------------------|
| <b>Expenses:</b>             |  |   |                                   |
| Program services:            |  |   |                                   |
| Home energy                  | \$ 971,143   |   | \$ 971,143                        |
| Family support services      | 527,288  |   | 527,288                           |
| Housing and shelter services | 2,211,183  |   | 2,211,183                         |
| Economic mobility            | <u>507,543</u>                                       |   | <u>507,543</u>                    |
| Total program services       | <u>4,217,157</u>                                     |   | <u>4,217,157</u>                  |
| Supporting services:         |  |   |                                   |
| Management and general       | 513,937  |   | 513,937                           |
| Fundraising                  | <u>130,832</u>                                       |   | <u>130,832</u>                    |
| Total supporting services    | <u>644,769</u>                                       |   | <u>644,769</u>                    |
| <b>Total expenses</b>        | <b><u>4,861,926</u></b>                              |   | <b><u>4,861,926</u></b>           |
| <b>Change in net assets</b>  | <b>21,556</b>  | <b>\$ (415,793)</b>                               | <b>(394,237)</b>                  |
| <b>Net assets:</b>           |  |   |                                   |
| Beginning of year            | <u>1,829,358</u>                                     | <u>1,821,400</u>                                  | <u>3,650,758</u>                  |
| End of year                  | <b><u><u>\$ 1,850,914</u></u></b>                    | <b><u><u>\$ 1,405,607</u></u></b>                 | <b><u><u>\$ 3,256,521</u></u></b> |

See notes to consolidated financial statements.

**HUMAN SERVICES PROGRAMS  
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022

|  | <u>Net assets<br/>without donor<br/>restrictions</u> | <u>Net assets<br/>with donor<br/>restrictions</u> | <u>Total</u>            |
|--|--|---|-------------------------|
| <b>Support and revenue:</b>                  |  |   |                         |
| Support:                                     |  |   |                         |
| Contracts/grants                             | \$ 4,291,307   |   | \$ 4,291,307            |
| Contributions                                | 164,841  | \$ 27,408   | 192,249                 |
| Gifts-in-kind:                               |  |   |                         |
| Donated items                                | 88,218   |   | 88,218                  |
| Donated use of facilities                    | 20,293   | 969,280   | 989,573                 |
|  | <u>4,564,659</u>                                     | <u>996,688</u>                                    | <u>5,561,347</u>        |
| <b>Total support</b>                         |  |   |                         |
|  | <u>4,564,659</u>                                     | <u>996,688</u>                                    | <u>5,561,347</u>        |
| Revenue:                                     |  |   |                         |
| Shelter client fees                          | 24,532   |   | 24,532                  |
| Special events, net of direct costs of \$374 | 12,139   |   | 12,139                  |
| Investment income                            | 20,358   |   | 20,358                  |
| Miscellaneous revenue                        | 3,584  |   | 3,584                   |
|  | <u>60,613</u>  |   | <u>60,613</u>           |
| <b>Total revenue</b>                         |  |   |                         |
|  | <u>60,613</u>  |   | <u>60,613</u>           |
| Net assets released from restrictions        | <u>341,476</u>                                       | <u>(341,476)</u>                                  | <u>-</u>                |
| <b>Total support and revenue</b>             | <u><b>4,966,748</b></u>                              | <u><b>655,212</b></u>                             | <u><b>5,621,960</b></u> |

(continued)

**HUMAN SERVICES PROGRAMS  
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED JUNE 30, 2022

|  | <u>Net assets<br/>without donor<br/>restrictions</u> | <u>Net assets<br/>with donor<br/>restrictions</u> | <u>Total</u>               |
|--|--|---|----------------------------|
| <b>Expenses and losses:</b>                              |  |   |                            |
| Expenses:  |  |   |                            |
| Program services:  |  |   |                            |
| Home energy  | \$ 983,091   |   | \$ 983,091                 |
| Family support services                                  | 512,311  |   | 512,311                    |
| Housing and shelter services                             | 2,330,338  |   | 2,330,338                  |
| Economic mobility  | <u>436,580</u>                                       |   | <u>436,580</u>             |
| Total program services                                   | <u>4,262,320</u>                                     |   | <u>4,262,320</u>           |
| Supporting services:                                     |  |   |                            |
| Management and general                                   | 492,511  |   | 492,511                    |
| Fundraising  | <u>121,132</u>                                       |   | <u>121,132</u>             |
| Total supporting services                                | <u>613,643</u>                                       |   | <u>613,643</u>             |
| Total expenses   | 4,875,963  |   | 4,875,963                  |
| Losses, net realized and unrealized gains on investments | <u>116,773</u>                                       |   | <u>116,773</u>             |
| <b>Total expenses and losses</b>                         | <b><u>4,992,736</u></b>                              |   | <b><u>4,992,736</u></b>    |
| <b>Change in net assets</b>                              | <b>(25,988)</b>                                      | <b>\$ 655,212</b>                                 | <b>629,224</b>             |
| <b>Net assets:</b>                                       |  |   |                            |
| Beginning of year  | <u>1,855,346</u>                                     | <u>1,166,188</u>                                  | <u>3,021,534</u>           |
| End of year  | <b><u>\$ 1,829,358</u></b>                           | <b><u>\$ 1,821,400</u></b>                        | <b><u>\$ 3,650,758</u></b> |

See notes to consolidated financial statements.

**HUMAN SERVICES PROGRAMS  
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2023**

|                                    | Program services  |                         |                              |                   | Supporting services    |                        |                   | Total                     |                     |
|------------------------------------|-------------------|-------------------------|------------------------------|-------------------|------------------------|------------------------|-------------------|---------------------------|---------------------|
|                                    | Home energy       | Family support services | Housing and shelter services | Economic mobility | Total program services | Management and general | Fundraising       | Total supporting services | Total expenses      |
| <b>Functional expenses:</b>        |                   |                         |                              |                   |                        |                        |                   |                           |                     |
| Communications                     | \$ 5,280          | \$ 2,480                | \$ 8,511                     | \$ 4,204          | \$ 20,475              | \$ 1,476               | \$ 1,297          | \$ 2,773                  | \$ 23,248           |
| Conferences, training and travel   | 505               | 9,405                   | 6,013                        | 747               | 16,670                 | 7,479                  | 2,294             | 9,773                     | 26,443              |
| Depreciation                       | 3,100             | 6,022                   | 23,757                       | 2,464             | 35,343                 | 6,169                  | 576               | 6,745                     | 42,088              |
| Equipment rental and maintenance   | 2,327             | 1,056                   | 5,202                        | 1,694             | 10,279                 | 7,596                  | 4,147             | 11,743                    | 22,022              |
| Insurance                          | 3,624             | 5,481                   | 25,833                       | 8,776             | 43,714                 | 5,153                  | 1,500             | 6,653                     | 50,367              |
| Occupancy                          | 26,902            | 40,625                  | 227,772                      | 36,838            | 332,137                | 38,255                 | 11,092            | 49,347                    | 381,484             |
| Other expenses                     | 1,496             | 2,477                   | 2,362                        | 1,405             | 7,740                  | 3,745                  | 3,485             | 7,230                     | 14,970              |
| Printing and outreach              | 3,316             | 316                     | 316                          | 930               | 4,878                  | 1,033                  | 3,024             | 4,057                     | 8,935               |
| Professional fees                  | 13,943            | 22,044                  | 21,082                       | 11,087            | 68,156                 | 60,181                 | 739               | 60,920                    | 129,076             |
| Salaries, taxes and benefits       | 350,053           | 415,257                 | 1,236,060                    | 324,462           | 2,325,832              | 369,991                | 101,694           | 471,685                   | 2,797,517           |
| Specific assistance to individuals | 558,396           | 1,460                   | 586,731                      | 109,712           | 1,256,299              |                        |                   |                           | 1,256,299           |
| Supplies                           | 2,201             | 20,665                  | 67,544                       | 5,224             | 95,634                 | 12,859                 | 984               | 13,843                    | 109,477             |
| <b>Total functional expenses</b>   | <b>\$ 971,143</b> | <b>\$ 527,288</b>       | <b>\$ 2,211,183</b>          | <b>\$ 507,543</b> | <b>\$ 4,217,157</b>    | <b>\$ 513,937</b>      | <b>\$ 130,832</b> | <b>\$ 644,769</b>         | <b>\$ 4,861,926</b> |

See notes to consolidated financial statements.

**HUMAN SERVICES PROGRAMS  
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2022**

|                                    | Program services  |                         |                              |                   | Supporting services    |                        |                   | Total                     |                     |
|------------------------------------|-------------------|-------------------------|------------------------------|-------------------|------------------------|------------------------|-------------------|---------------------------|---------------------|
|                                    | Home energy       | Family support services | Housing and shelter services | Economic mobility | Total program services | Management and general | Fundraising       | Total supporting services | Total expenses      |
| <b>Functional expenses:</b>        |                   |                         |                              |                   |                        |                        |                   |                           |                     |
| Communications                     | \$ 5,535          | \$ 2,724                | \$ 7,336                     | \$ 4,232          | \$ 19,827              | \$ 2,057               | \$ 1,246          | \$ 3,303                  | \$ 23,130           |
| Conferences, training and travel   | 299               | 2,792                   | 8,900                        | 997               | 12,988                 | 8,054                  | 129               | 8,183                     | 21,171              |
| Depreciation                       | 2,322             | 6,990                   | 25,488                       | 2,384             | 37,184                 | 5,275                  | 355               | 5,630                     | 42,814              |
| Equipment rental and maintenance   | 2,576             | 1,580                   | 6,952                        | 1,710             | 12,818                 | 8,411                  | 9,610             | 18,021                    | 30,839              |
| Insurance                          | 3,116             | 4,713                   | 21,729                       | 7,547             | 37,105                 | 4,677                  | 1,290             | 5,967                     | 43,072              |
| Occupancy                          | 26,736            | 40,446                  | 270,457                      | 33,669            | 371,308                | 40,239                 | 11,024            | 51,263                    | 422,571             |
| Other expenses                     | 1,128             | 2,145                   | 1,234                        | 1,233             | 5,740                  | 3,959                  | 3,174             | 7,133                     | 12,873              |
| Printing and outreach              | 4,205             | 167                     | 740                          | 167               | 5,279                  | 167                    | 5,957             | 6,124                     | 11,403              |
| Professional fees                  | 13,073            | 21,711                  | 24,837                       | 12,950            | 72,571                 | 55,048                 | 722               | 55,770                    | 128,341             |
| Salaries, taxes and benefits       | 356,196           | 405,521                 | 1,306,955                    | 286,141           | 2,354,813              | 343,503                | 87,167            | 430,670                   | 2,785,483           |
| Specific assistance to individuals | 562,810           | 2,642                   | 544,042                      | 82,732            | 1,192,226              |                        |                   |                           | 1,192,226           |
| Supplies                           | 5,095             | 20,880                  | 111,668                      | 2,818             | 140,461                | 21,121                 | 458               | 21,579                    | 162,040             |
| <b>Total functional expenses</b>   | <b>\$ 983,091</b> | <b>\$ 512,311</b>       | <b>\$ 2,330,338</b>          | <b>\$ 436,580</b> | <b>\$ 4,262,320</b>    | <b>\$ 492,511</b>      | <b>\$ 121,132</b> | <b>\$ 613,643</b>         | <b>\$ 4,875,963</b> |

See notes to consolidated financial statements.

**HUMAN SERVICES PROGRAMS  
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2023 AND 2022**

|   | 2023                      | 2022                       |
|---|---------------------------|----------------------------|
| <b>Cash flows from operating activities:</b>  |                           |                            |
| Inflows:  |                           |                            |
| Receipts from:  |                           |                            |
| Contracts/grants  | \$ 3,902,158              | \$ 4,164,714               |
| Contributions   | 154,007                   | 178,936                    |
| Special events  | 16,644                    | 12,513                     |
| Other income received   | 27,265                    | 28,116                     |
| Investment income received  | 26,640                    | 41,145                     |
|   | <u>4,126,714</u>          | <u>4,425,424</u>           |
| Outflows:   |                           |                            |
| Payments to:  |                           |                            |
| Employees   | 2,796,414                 | 2,817,137                  |
| Vendors   | 2,589,304                 | 1,502,946                  |
|   | <u>5,385,718</u>          | <u>4,320,083</u>           |
| <b>Net cash provided by (used in) operating activities</b>                                  | <b><u>(1,259,004)</u></b> | <b><u>105,341</u></b>      |
| <b>Cash flows from investing activities:</b>  |                           |                            |
| Inflows, sale of investments  | <u>98,829</u>             | <u>26,986</u>              |
| Outflows:   |                           |                            |
| Purchase of:  |                           |                            |
| Certificate of deposit  | 200,000                   |                            |
| Investments   | 34,915                    | 66,966                     |
| Property and equipment  |                           | 31,878                     |
|   | <u>234,915</u>            | <u>98,844</u>              |
| <b>Net cash used in investing activities</b>  | <b><u>(136,086)</u></b>   | <b><u>(71,858)</u></b>     |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                 | <b><u>(1,395,090)</u></b> | <b><u>33,483</u></b>       |
| <b>Cash and cash equivalents:</b>   |                           |                            |
| Beginning of year   | <u>2,294,929</u>          | <u>2,261,446</u>           |
| <b>End of year</b>  | <b><u>\$ 899,839</u></b>  | <b><u>\$ 2,294,929</u></b> |
| <b>Reconciliation of cash and cash equivalents to the statements of financial position:</b> |                           |                            |
| Current assets, cash and cash equivalents   | \$ 809,387                | \$ 2,294,929               |
| Other assets, cash and cash equivalents   | <u>90,452</u>             | <u>-</u>                   |
| <b>Cash, cash equivalents and restricted cash</b>   | <b><u>\$ 899,839</u></b>  | <b><u>\$ 2,294,929</u></b> |
| Noncash investing and financing transactions include the following:                         |                           |                            |
| Debt forgiveness  | \$ 1,650                  | \$ 1,650                   |

See notes to consolidated financial statements.

**HUMAN SERVICES PROGRAMS  
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**

**1. Nature of activities and summary of significant accounting policies:**

*Principles of consolidation:*

The consolidated financial statements of Human Services Programs of Carroll County, Inc. and Subsidiary (the Organization) include the activities of Human Services Programs of Carroll County, Inc. and its subsidiary, Carrolltowne HSPCC, Inc. (the Subsidiary). All intra-entity transactions have been eliminated in consolidation.

*Nature of activities:*

The Organization is a nonprofit corporation with the mission of giving hope, inspiring change and providing opportunity by mobilizing the Carroll County, Maryland, community in the fight against poverty. The Organization is dedicated to improving the quality of life and self-sufficiency of at-risk and low-income Carroll County residents by providing assistance with basic needs, advocacy, linkages to resources and opportunities to enhance life skills. The Organization is the official designated community action agency for Carroll County, Maryland.

The home energy program works to prevent the loss of and restoring basic needs for everyday life by empowering Carroll County residents to move toward self-sufficiency through assistance with electric and fuel costs, as well as bill arrearage.

The family support services program works with parents and expectant parents with children ages four and under. The Organization's team of adult educators, child development workers, case managers and administrative staff are trained to provide services in the areas of adult education and parenting, child health and development and family enrichment. A home visitation program provides similar services to families in their home if they are not able to attend programming during regular center hours.

The housing and shelter services program provides community resources services including eviction prevention, security deposit assistance, referrals and minor prescription/medical assistance. The Organization also operates an adult shelter which is an integrated shelter for men, women and those seeking shelter from the cold. In addition, the Organization provides a family shelter. All shelter residents receive case management services. Permanent supportive housing services are offered for chronically homeless individuals with a documented medical disability while rapid rehousing services assist homeless families who can sustain housing but need temporary help to obtain it.

The economic mobility program provides pre-employment services including hands on skills training, job readiness services and ongoing case management. The Second Chances community free store is the vehicle for accomplishing skills training while also serving those in need in the community. The Organization also provides financial education services through workshops, consultations and one-on-one financing coaching.

The Organization is also the 100% owner of Carrolltowne HSPCC, Inc., a Maryland corporation formed on July 17, 2019. The Subsidiary owns 11% of Carrolltowne Village Development, LLC, a company that owns, manages and operates a low-income housing apartment complex referred to as Carrolltowne Village Apartments. The Subsidiary receives no profits or losses from this investment. The purpose of the ownership was for the Organization to assist with facilitating the project since the population that will live in the housing units align with those that the Organization serves.

**HUMAN SERVICES PROGRAMS  
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022

**1. Nature of activities and summary of significant accounting policies (continued):**

*Cash and cash equivalents:*

The Organization considers all unrestricted highly liquid instruments available for current use with an initial maturity of three months or less to be cash equivalents. The carrying amount approximates estimated fair value because of the short maturity of those instruments.

*Unconditional promises to give:*

Unconditional promises to give 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 fair value, which is measured as the present value of their future cash flows, as management believes that this is the most accurate method of reporting the receivables and related revenues. At June 30, 2023, management expects to collect all unconditional promises to give within the next year; and therefore, the entire balance is reported as current on the statements of financial position.

*Property and equipment:*

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support under net assets with donor restrictions.

Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

The Organization capitalized all purchases of property and equipment with a useful life of greater than one year costing over \$5,000. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are 3 to 7 years for equipment and vehicles and 5 to 27 years for leasehold improvements and buildings.

*Property held for sale:*

The Organization measures its property held for sale at its carrying amount since that is lower than the estimated fair value, less costs to sell.

*Investments:*

Investments in marketable securities with readily determinable market values and all investments in debt securities are valued at their market values, which is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers, with gains and losses included in the consolidated statements of activities. The investment in Carrolltowne Village Development, LLC held by the Subsidiary is recorded using the equity method. Since no initial investment contribution was paid and no income or loss was allocated to the Subsidiary, no value is assigned to the investment.

**HUMAN SERVICES PROGRAMS  
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022

**1. Nature of activities and summary of significant accounting policies (continued):**

*Promised use of facilities:*

The Organization uses properties leased at below market value to provide its services. Promised use of facilities are capitalized and recorded as donor-restricted contributions at their fair value at the start date of the leases and are reported as increases in net assets with donor restrictions. These restrictions expire based on the terms of the lease agreements, and the Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

*Accrued paid time off:*

Full-time employees are granted paid time off based on the number of continuous service years. The employees are allowed to carry a maximum of 20 days of leave.

*Refundable advances:*

When funds from contracts/grants, considered conditional contributions, are received before the applicable conditions have been met, the appropriate amount is recorded as a refundable advance. Conditions will typically be met within one year, at which point the contribution will be recognized.

*Net assets:*

The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

Net assets without donor restrictions: Net assets without donor restrictions are resources that are currently available for support of the Organization's operations and are not subject to donor-imposed restrictions.

Net assets with donor restrictions: Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Resources may also be received with donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction, nor by the passage of time.

*Support:*

Contributions and contract/grants: Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Management has determined the Organization's contributions and contracts/grants are considered nonexchange transactions, and therefore, are recognized when a promise to give becomes unconditional.

Donated items: The Organization receives a variety of donated goods and supplies valued at fair value. These donated items are recorded as support and expenses in the financial statements.

**HUMAN SERVICES PROGRAMS  
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022

**1. Nature of activities and summary of significant accounting policies (continued):**

*Support:*

Donated/promised use of facilities: The Organization uses properties leased at below market value to provide its services. The Organization records a contribution with donor restriction in the year of the contributed lease at its discounted fair value. Over the duration of the lease, the promise is reduced, the restriction is released and the related expense is recorded in the financial statements.

Donated services: Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. Volunteers also provide administrative and fundraising services, but those services are not recognized as contributions in the financial statements since the recognition criteria is not met.

*Revenue:*

The Organization generates revenue primarily through shelter client fees and special events. Revenue for each type of service is recognized when the service is provided in an amount that reflects the consideration expected in exchange for the service.

*Functional expenses:*

The costs of providing the various programs and other activities has been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification of expenses by function. Accordingly, certain costs are allocated among the programs and the supporting services benefited.

*Advertising:*

The Organization follows the policy of charging all costs of advertising to expense as incurred. Advertising expense, presented in printing and outreach, was \$6,311 and \$7,548 for the years ended June 30, 2023 and 2022, respectively.

*Leases:*

The Organization has elected the short-term lease exception, and therefore, does not recognize leases with a lease term of 12 months or less on the consolidated statements of financial position.

*Income taxes:*

Human Services Programs of Carroll County, Inc. is incorporated under the laws of the State of Maryland as a nonprofit organization. The Organization has elected under provisions of Internal Revenue Code Section 501(c)(3) and state income tax statutes to be excluded from taxes on exempt function income. Therefore, no provision is made for taxes on income.

**HUMAN SERVICES PROGRAMS  
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**

**1. Nature of activities and summary of significant accounting policies (continued):**

*Income taxes:*

Carrolltowne HSPCC, Inc. accounts for its income taxes by recognizing deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax liabilities and assets are determined based on the differences between the financial statements and tax basis of assets and liabilities, using enacted tax rates in effect for the year in which the differences are expected to reverse. The Subsidiary has no such assets or liabilities.

*Estimates:*

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

**2. New accounting pronouncement adopted:**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2016-02, *Leases*, which amends the guidance under ASC-842, *Leases*. The core principle of ASC-842 is that any entity should recognize an asset and related liability for leases longer than one year to depict the transfer of promised rights and obligations in an amount that reflects the consideration to which the entity expects to be entitled. Additionally, the guidance requires improved disclosures to help users of financial statements better understand the nature, amount, timing and uncertainty of lease and cash flows arising from contracts. For contracts existing at the time of adoption, the Organization elected to not reassess (i) whether any are or contain leases, (ii) lease classification and (iii) initial direct costs.

Effective July 1, 2022, the Organization adopted ASU 2016-02 using the modified retrospective method and did not adjust comparative prior periods. The adoption of this accounting pronouncement had no impact on the Company's financial statements.

**HUMAN SERVICES PROGRAMS  
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022

**3. Financial assets and liquidity resources:**

The following reflects the Organization's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of June 30, 2023 and 2022:

|  | 2023         | 2022         |
|--|--------------|--------------|
| Cash and cash equivalents  | \$ 899,839   | \$ 2,294,929 |
| Unconditional promises to give   | 341,255      | 330,671      |
| Certificate of deposit   | 200,000      |              |
| Financial assets, as of year end   | 1,441,094    | 2,625,600    |
| Less those unavailable for general expenditures within one year, due to:                           |              |              |
| Contractual or donor-imposed restriction,<br>restricted by donor with time or purpose restrictions | 38,295       | 123,287      |
| Board designations   | 90,452       | 15,592       |
|  | \$ 1,312,347 | \$ 2,486,721 |

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a committed line of credit of \$100,000 (all of which was available as of June 30, 2023 and 2022), which it could draw upon. Additionally, as of June 30, 2023 and 2022, the Organization has a quasi-endowment of \$749,866 and \$693,973, respectively. If desired, the Board could make quasi-endowment funds available for providing support for the programs, client services and the overall operations of the Organization.

**HUMAN SERVICES PROGRAMS  
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022

**4. Conditional promises to give:**

Conditional promises to give are not included as support or unconditional promises to give until such time as the conditions are substantially met. The following conditional promises to give exist where the condition has not yet been achieved at June 30:

| Purpose                      | Condition   | 2023              | 2022              |
|------------------------------|---|-------------------|-------------------|
| Housing and shelter services | Incur qualifying expenses                                 | \$ 95,528         | \$ 240,629        |
| Salaries, taxes and benefits | Incur qualifying expenses                                 | 93,789            | 63,877            |
| Increased costs due to COVID | Incur qualifying expenses                                 |                   | 136,101           |
| Economic mobility            | Incur qualifying expenses and perform contracted services | 35,574            | 80,461            |
|                              |   | <u>\$ 224,891</u> | <u>\$ 521,068</u> |

**5. Investments:**

Investments are stated at fair value and consisted of the following as of June 30:

|                           | 2023              |                   | 2022              |                   |
|---------------------------|-------------------|-------------------|-------------------|-------------------|
|                           | Cost              | Fair value        | Cost              | Fair value        |
| Equity mutual funds       | \$ 399,469        | \$ 418,837        | \$ 406,954        | \$ 393,755        |
| Fixed income mutual funds | 272,795           | 240,577           | 319,248           | 284,626           |
|                           | <u>\$ 672,264</u> | <u>\$ 659,414</u> | <u>\$ 726,202</u> | <u>\$ 678,381</u> |

**6. Fair value measurements:**

The Organization uses a framework for measuring fair value that prioritizes the inputs to valuation techniques used to measure fair value using a fair value hierarchy. The three levels of the fair value hierarchy are described as follows:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 - Inputs to the valuation methodology for assets and liabilities that have no active market in the same assets, but do have parallel markets or alternative means to estimate fair value using observable information inputs, such as the value placed on similar assets or liabilities that were recently traded or transferred between external entities (i.e., market participants).

**HUMAN SERVICES PROGRAMS  
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022

**6. Fair value measurements (continued):**

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

Promised use of facilities: The income approach utilizes valuation techniques (the present value method, a Level 2 measurement) to convert future amounts to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. The Organization discounted the value of their long-term donated leases and recorded a restricted contribution in the year the lease or extension is signed. The Organization discounted the value of the lease by the discount interest rate for the United States on the start date of the lease.

Mutual fund investments: Valued at the quoted price in the active market for identical funds, a Level 1 input.

Certificates of deposit: Valued using Level 2 inputs.

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

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30:

|                            | 2023              |                     |                     |
|----------------------------|-------------------|---------------------|---------------------|
|                            | Level 1           | Level 2             | Total               |
| Promised use of facilities |                   | \$ 1,367,312        | \$ 1,367,312        |
| Mutual funds               | \$ 659,414        |                     | 659,414             |
| Certificates of deposit    |                   | 200,000             | 200,000             |
|                            | <u>\$ 659,414</u> | <u>\$ 1,567,312</u> | <u>\$ 2,226,726</u> |
|                            | 2022              |                     |                     |
|                            | Level 1           | Level 2             | Total               |
| Promised use of facilities |                   | \$ 1,698,113        | \$ 1,698,113        |
| Mutual funds               | \$ 678,381        |                     | 678,381             |
|                            | <u>\$ 678,381</u> | <u>\$ 1,698,113</u> | <u>\$ 2,376,494</u> |

**HUMAN SERVICES PROGRAMS  
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022

**7. Quasi-endowment:**

The Organization's endowment consists of quasi-endowment funds established through net assets without donor restrictions designated by the Board of Directors to function as a general endowment fund for the purpose of providing support for the programs, client services and the overall operations of the Organization. Since the funds are not donor restricted, they are classified and reported as net assets without donor restrictions.

Composition of and changes in quasi-endowment net assets were as follows for the years ended June 30:

|   | 2023                     | 2022                     |
|---|--------------------------|--------------------------|
| Board-designated quasi-endowment net assets,<br>beginning of year | <u>\$ 693,973</u>        | <u>\$ 791,664</u>        |
| Investment return:  |                          |                          |
| Investment income   | 19,829                   | 19,082                   |
| Net appreciation (depreciation) (realized and unrealized)         | <u>36,064</u>            | <u>(116,773)</u>         |
| Total investment return   | <u>55,893</u>            | <u>(97,691)</u>          |
| Board-designated quasi-endowment nets assets,<br>end of year      | <u><u>\$ 749,866</u></u> | <u><u>\$ 693,973</u></u> |
| Board-designated:   |                          |                          |
| Cash and cash equivalents   | \$ 90,452                | \$ 15,592                |
| Investments   | <u>659,414</u>           | <u>678,381</u>           |
| Board-designated quasi-endowment nets assets,<br>end of year      | <u><u>\$ 749,866</u></u> | <u><u>\$ 693,973</u></u> |

*Return objectives and risk parameters:*

The Organization has a formal policy, approved by the Board of Directors, that defines the return objectives and risk parameters for long-term investment funds of the Organization. It is the objective of the fund to provide growth of principal and income from dividends paid on funds invested in accordance with this statement. The intent is to preserve capital value of the fund and to insure and protect the fund from wide variations in market value by active management of the fund.

To manage risk in the fund, the investment policy is to be reviewed annually by the Board of Directors for any necessary revisions. The performance of the fund's investment manager is reviewed semi-annually by the Executive/Finance Committee to ensure the investment strategies and objectives are being met. This report is also shared with the full Board of Directors.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**7. Quasi-endowment (continued):**

*Strategies for achieving return objectives and spending policy:*

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified, balanced asset allocation of a maximum of 40% equity securities and 60% fixed income securities which are considered within the scope of those that a similar not-for-profit 501(c)(3) organization would customarily invest in, and investments in money market and bond/fixed income instruments should be rated with a "B+" grade or better and/or government or quasi-government securities. However, depending on actual market performance and the forecasted economic outlook, investments in equity securities could constitute up to 60% of the portfolio for a short period, generally up to 12 months. This provides adequate time for the investment manager to strategically re-balance the fund. The policy also permits, at the discretion of the investment manager, that funds be invested in collective investment funds or mutual funds conforming to the policy guidelines. The fund's policies allow for partial or total withdrawal at any time for use by the Organization in accordance with the spirit of the fund.

**8. Property and equipment:**

Property and equipment consisted of the following as of June 30:

|                              | 2023       | 2022       |
|------------------------------|------------|------------|
| Buildings                    |            | \$ 192,794 |
| Equipment                    | \$ 168,392 | 168,392    |
| Leasehold improvements       | 142,762    | 142,762    |
| Vehicles                     | 192,307    | 192,307    |
| Land                         |            | 10,000     |
| <br>                         |            |            |
| Total property and equipment | 503,461    | 706,255    |
| Accumulated depreciation     | (407,776)  | (528,921)  |
| <br>                         |            |            |
| Property and equipment, net  | \$ 95,685  | \$ 177,334 |

**9. Line of credit:**

The Organization has a \$100,000 line of credit with a local financial institution, all of which was available at June 30, 2023. The interest rate is prime plus 0.75%, with a floor of 4.00%. The interest rate was 9.00% as of June 30, 2023. The line expires on March 29, 2024.

**10. Loan payable:**

The loan payable is secured by real property that is held for sale at June 30, 2023. The loan is non-interest bearing. Principal shall be forgiven at the rate of \$1,650 per year while the property is utilized for charitable purposes. As of June 30, 2023 and 2022, the loan payable had an outstanding balance of \$8,750 and \$10,400, respectively. If the Organization sells the property, or it is no longer used for charitable purposes, the remaining loan balance must be repaid.

**HUMAN SERVICES PROGRAMS  
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022

**10. Loan payable (continued):**

The principal requirements of the loan payable that are to be forgiven as due are as follows for the years ending June 30:

|            |                 |
|------------|-----------------|
| 2024       | \$ 1,650        |
| 2025       | 1,650           |
| 2026       | 1,650           |
| 2027       | 1,650           |
| 2028       | 1,650           |
| Thereafter | <u>500</u>      |
| Total      | <u>\$ 8,750</u> |

**11. Net assets:**

The Organization's Board of Directors have designated net assets without donor restrictions to be used to provide support for the programs, client services and the overall operations of the Organization (Note 7). The balance of these board-designated net assets as of June 30, 2023 and 2022 was \$749,866 and \$693,973, respectively.

Net assets with donor restrictions were available for the following purposes as of June 30:

|  | <u>2023</u>         | <u>2022</u>         |
|--|---------------------|---------------------|
| Community energy fund                    | \$ 8,436            | \$ 8,856            |
| Economic mobility                        |                     | 15,845              |
| Family literacy services                 |                     | 7,500               |
| Future capital expansion                 | 28,114              | 91,086              |
| Promised use of facilities (Note 12)     | 1,367,312           | 1,698,113           |
| Other                                    | <u>1,745</u>        |                     |
| Total net assets with donor restrictions | <u>\$ 1,405,607</u> | <u>\$ 1,821,400</u> |

**12. Operating leases and promised use of facilities operating leases:**

The Organization leases several permanent housing apartments for individuals in Carroll County, Maryland. The leases are either annual or month-to-month. Monthly lease payments range from \$800 to \$1,825. Rent expense, presented in specific assistance to individuals, for the years ended June 30, 2023 and 2022 was \$231,633 and \$231,377, respectively.

In August 2020, the Organization entered into a 60-month lease with a company to rent and maintain a postage meter and scale with rental payments of \$59 per month. In May 2023, the Organization entered into a 60-month lease with a company to rent and maintain multiple copiers and printers with rental payments of \$773 per month. Lease expense for these and related agreements, presented in equipment rental and maintenance, was \$10,693 and \$13,258 for the years ended June 30, 2023 and 2022, respectively.

**HUMAN SERVICES PROGRAMS  
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022

**12. Operating leases and promised use of facilities operating leases (continued):**

Future minimum lease payments under the operating lease agreements are as follows for the years ending June 30:

|      |                  |
|------|------------------|
| 2024 | \$ 9,984         |
| 2025 | 9,984            |
| 2026 | 9,330            |
| 2027 | 9,270            |
| 2028 | <u>8,498</u>     |
|      | <u>\$ 47,066</u> |

*Promised use of facilities:*

A ten-year lease was entered into on October 1, 2003 with the County for the shelter located at 127 Stoner Avenue, Westminster, Maryland. This lease automatically renews for ten-year terms unless either party notifies the other of its intention not to renew the lease at least two months prior to the renewal date. Both parties agreed that there is no monetary consideration for this lease, under the condition that the Organization furnishes temporary shelter and lodging to economically disadvantaged persons. In connection with this lease agreement, the Organization discounted the value of the ten-year second term of the lease and recorded a restricted contribution for the year ended June 30, 2014. This lease was terminated early on December 31, 2021 by the County and a new lease entered into effective January 1, 2022 for a ten-year term, which does not automatically renew. In connection with this new lease agreement, the Organization discounted the value of the ten-year term of the lease and recorded a restricted contribution for the year ended June 30, 2022. For the years ended June 30, 2023 and 2022, occupancy expense of \$129,987 was recorded in connection with this lease agreement with net assets released from restriction of \$129,987 and \$109,694, respectively, and \$20,293 of support without donor restriction for the year ended June 30, 2022, as the donor restriction was satisfied within the same fiscal year.

A five-year lease was entered into on January 1, 2020 with the County for the Barrel House Building located at 10 Distillery Drive, Westminster, Maryland. The lease may be renewed for additional terms should the parties agree. Both parties agreed that there is no monetary consideration for this lease; rather the facility is provided by the County in consideration of the services provided to the community by the Organization. In connection with this lease agreement, the Organization discounted the value of the five-year term of the lease and recorded a restricted contribution for the year ended June 30, 2020. For the years ended June 30, 2023 and 2022, net assets released from restriction and occupancy expense of \$228,034 and \$226,627, respectively, were recorded in connection with this lease agreement.

**HUMAN SERVICES PROGRAMS  
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022

**12. Operating leases and promised use of facilities operating leases (continued):**

Promised use of facilities was as follows as of June 30:

|  | 2023         | 2022         |
|--|--------------|--------------|
| Shelter - 127 Stoner Avenue                    | \$ 1,104,892 | \$ 1,234,879 |
| Barrel House Building - 10 Distillery Drive    | 344,970      | 573,004      |
|  | \$ 1,449,862 | \$ 1,807,883 |
| Receivable in one to five years                | \$ 994,907   | \$ 1,222,941 |
| Receivable in more than five years             | 454,955      | 584,942      |
|  | 1,449,862    | 1,807,883    |
| Less unamortized discount to net present value | 82,550       | 109,770      |
| Net promised use of facility                   | \$ 1,367,312 | \$ 1,698,113 |

**13. Gifts in kind:**

For the year ended June 30, 2023, gifts in kind recognized within the consolidated statements of activities included:

|                              |            | Usage in programs/activities | Donor-imposed restrictions | Fair value techniques  |
|------------------------------|------------|------------------------------|----------------------------|--|
| Clothing and household goods | \$ 105,335 | Economic mobility            | Unrestricted               | Estimated U.S. wholesale prices of identical or similar products using pricing data under a 'like-kind' methodology considering the goods condition and utility for use at the time of the contribution. |
|                              | 13,074     | Housing and shelter services | Unrestricted               |  |
|                              | 1,300      | Family support services      | Unrestricted               |  |
|                              | 48         | Management and general       |                            |  |
| Electronics                  | 700        | Economic mobility            | Unrestricted               |  |
| Toys                         | 2,672      | Economic mobility            | Unrestricted               |  |
|                              | 133        | Housing and shelter services | Unrestricted               |  |
| Furniture                    | 1,240      | Economic mobility            | Unrestricted               |  |
| Marketing services           | 450        | Management and general       | Unrestricted               | Estimated prices of similar services provided at the time of the contribution.   |
|                              | 55         | Fundraising                  |                            |  |
|                              | \$ 125,007 |                              |                            |  |

**HUMAN SERVICES PROGRAMS  
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**

**13. Gifts in kind (continued):**

|                                     |                  | <u>Usage in programs/activities</u> | <u>Donor-imposed<br/>restrictions</u>   | <u>Fair value techniques</u>  |
|-------------------------------------|------------------|-------------------------------------|---|---|
| Donated/promised use of facilities: |                  |                                     |   |   |
| 127 Stoner Avenue                   | \$ 18,504        | Housing and shelter services        | Restricted for use as shelter and lodging to economically disadvantaged persons | Estimated 10-year promised use of facility by considering the State's historical assessment of the property, rental price per square foot of comparable properties and any necessary adjustments for market considerations.         |
| 10 Distillery Drive                 | 8,716            | Allocated among all functions       | Restricted for use to provide services to the public                            | Determined in the year of the five-year promised use of facility as the annual amortization of the discount on the promise over the life of the lease using the discount rate for the United States on the start date of the lease. |
|                                     | <u>\$ 27,220</u> |                                     |   |   |

For the year ended June 30, 2022, gifts in kind recognized within the consolidated statements of activities included:

|                              |                  | <u>Usage in programs/activities</u> | <u>Donor-imposed<br/>restrictions</u> | <u>Fair value techniques</u>   |
|------------------------------|------------------|-------------------------------------|---------------------------------------|--|
| Clothing and household goods | \$ 82,879        | Economic mobility                   | Unrestricted                          | Estimated U.S. wholesale prices of identical or similar products using pricing data under a 'like-kind' methodology considering the goods condition and utility for use at the time of the contribution. |
|                              | 1,921            | Housing and shelter services        | Unrestricted                          |  |
|                              | 531              | Family support services             | Unrestricted                          |  |
| Food                         | 1,637            | Housing and shelter services        | Unrestricted                          |  |
| Marketing services           | 765              | Home energy                         | Unrestricted                          | Estimated prices of similar services provided at the time of the contribution.   |
|                              | 200              | Management and general              |                                       |  |
|                              | 285              | Fundraising                         |                                       |  |
|                              | <u>\$ 88,218</u> |                                     |                                       |  |

**HUMAN SERVICES PROGRAMS  
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**

**13. Gifts in kind (continued):**

|                                     |                   | <u>Usage in programs/activities</u> | <u>Donor-imposed<br/>restrictions</u>   | <u>Fair value techniques</u>  |
|-------------------------------------|-------------------|-------------------------------------|---|---|
| Donated/promised use of facilities: |                   |                                     |   |   |
| 127 Stoner Avenue                   | \$ 977,510        | Housing and shelter services        | Restricted for use as shelter and lodging to economically disadvantaged persons | Estimated 10-year promised use of facility by considering the State's historical assessment of the property, rental price per square foot of comparable properties and any necessary adjustments for market considerations.         |
| 10 Distillery Drive                 | 12,063            | Allocated among all functions       | Restricted for use to provide services to the public                            | Determined in the year of the five-year promised use of facility as the annual amortization of the discount on the promise over the life of the lease using the discount rate for the United States on the start date of the lease. |
|                                     | <u>\$ 989,573</u> |                                     |   |   |

The Organization does not sell donated gifts in kind and only distributes for program or general use.

**14. Retirement plan:**

The Organization sponsors a 401(k) retirement plan for its employees who have attained a certain age and period of service. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Organization will contribute up to a 3% match each year. For the years ended June 30, 2023 and 2022, the expense recognized for employer contributions totaled \$52,597 and \$52,398, respectively.

**15. Concentrations:**

The Organization's services are primarily provided to clients within Carroll County, Maryland.

The Organization's expenses are largely funded by grants received from the County. Revenue from the County made up 50% of total contracts/grants for each of the years ended June 30, 2023 and 2022, respectively.

The Organization also received a large portion of its grant funding from the Maryland Department of Human Resources. For the years ended June 30, 2023 and 2022, the grants made up 24% and 22% of the support of contracts/grants, respectively.

Unconditional promises to give from four funding sources made up 96% of the balance as of June 30, 2023. Unconditional promises to give from three funding agencies made up 81% of the balance as of June 30, 2022.

The Organization maintains its cash deposits in several financial institutions. Cash deposits are insured by the Federal Deposit Insurance Corporation (FDIC) and National Credit Union Administration (NCUA) up to \$250,000. As of June 30, 2023, the cash deposits exceeded the limit by \$375,898, representing the maximum loss risk.

**HUMAN SERVICES PROGRAMS  
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022

**15. Concentrations (continued):**

The institution holding the Organization's equity and mutual fund investments is a member of the Securities Investor Protection Corporation (SIPC). SIPC insures the cash and securities in each investor's account up to \$500,000 against loss in the case of a failed brokerage firm or misappropriation of assets by the broker; however, only up to \$250,000 of the total coverage can be applied to cash. As of June 30, 2023, the investments exceeded the limit by \$249,866, representing the maximum loss risk.

**16. Compliance audits:**

The Organization participates in a number of federal-assisted and state-assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the Organization's compliance with applicable grant requirements may be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time; the Organization expects such amounts, if any, to be immaterial.

**17. Subsequent events:**

Management has evaluated subsequent events through February 26, 2024, the date which the financial statements were available to be issued.

**HUMAN SERVICES PROGRAMS  
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2023  
(See independent auditor's report)**

| Federal grantor/pass-through grantor/program or cluster title   | Federal AL<br>number | Pass-through entity<br>identifying number               | Federal<br>expenditures | Amount<br>passed through<br>to subrecipients |
|---|----------------------|---|-------------------------|--|
| <b>U.S. Department of Agriculture:</b>  |                      |   |                         |  |
| Supplemental Nutrition Assistance Program cluster passed through Carroll Community College:   |                      |   |                         |  |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program  | 10.561               | CRRL/FIA 23-015<br>(04/01/23 - 09/30/23)                | \$ 13,434               |  |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program  | 10.561               | CRRL/FIA 22-015<br>(10/01/21 - 09/30/22)                | <u>31,248</u>           |  |
| Total Supplemental Nutrition Assistance Program cluster<br>passed through the Carroll Community College   |                      |   | <u>44,682</u>           |  |
| <b>Total U.S. Department of Agriculture</b>   |                      |   | <b><u>44,682</u></b>    |  |
| <b>U.S. Department of Housing and Urban Development:</b>  |                      |   |                         |  |
| Passed through the Department of Housing and Community<br>Development and the Board of Carroll County Commissioners:  |                      |   |                         |  |
| Emergency Solutions Grant Program   | 14.231               | 07/01/22 - 09/30/23                                     | 80,000                  |  |
| COVID-19 - Emergency Solutions Grant Program  | 14.231               | ESG-CV2 (09/28/20 - 09/30/23)                           | <u>146,511</u>          |  |
| Total Emergency Solutions Grant Program passed through the Department of Housing<br>and Community Development and the Board of Carroll County Commissioners |                      |   | <u>226,511</u>          |  |
| Direct Funding:   |                      |   |                         |  |
| Continuum of Care Program   | 14.267               | Perm Housing - MD0135L3B062114<br>(07/01/22 - 06/30/23) | 246,824                 |  |
| Continuum of Care Program   | 14.267               | SHP - MD0139L3B062214<br>(02/01/23 - 01/31/24)          | 13,840                  |  |
| Continuum of Care Program   | 14.267               | SHP - MD0139L3B062113<br>(02/01/22 - 01/31/23)          | <u>15,969</u>           |  |
| Total Continuum of Care Program, Direct Funding   |                      |   | <u>276,633</u>          |  |
| <b>Total U.S. Department of Housing and Urban Development</b>   |                      |   | <b><u>503,144</u></b>   |  |

**HUMAN SERVICES PROGRAMS  
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2023  
(See independent auditor's report)

| Federal grantor/pass-through grantor/program or cluster title  | Federal AL<br>number | Pass-through entity<br>identifying number                     | Federal<br>expenditures | Amount<br>passed through<br>to subrecipients |
|--|----------------------|---|-------------------------|--|
| <b>Department of the Treasury:</b>   |                      |   |                         |  |
| Passed through CASH Campaign of Maryland:  |                      |   |                         |  |
| Volunteer Income Tax Assistance (VITA) Matching Grant Program  | 21.009               | (10/01/22 - 09/30/23)   | \$ 30,200               |  |
| Volunteer Income Tax Assistance (VITA) Matching Grant Program  | 21.009               | (07/01/22 - 09/30/23)   | <u>10,000</u>           |  |
| Total Volunteer Income Tax Assistance (VITA) Matching Grant Program passed through the CASH Campaign of Maryland |                      |   | <u>40,200</u>           |  |
| Passed through the Board of Carroll County Commissioners:  |                      |   |                         |  |
| Emergency Rental Assistance Program  | 21.023               | ERAP-2021-Carroll Co-000853<br>(03/01/20 - 09/30/22)          | 18,245                  |  |
| Emergency Rental Assistance Program  | 21.023               | ERAP-2021-Carroll Co-000853 Addendum<br>(07/01/22 - 12/31/22) | <u>9,293</u>            |  |
| Total Emergency Rental Assistance Program passed through the Board of Carroll County Commissioners               |                      |   | <u>27,538</u>           |  |
| Passed through the Board of Carroll County Commissioners:  |                      |   |                         |  |
| Coronavirus State and Local Fiscal Recovery Funds  | 21.027               | (07/01/21 - 07/30/22)   | <u>2,793</u>            |  |
| <b>Total Department of the Treasury</b>  |                      |   | <b><u>70,531</u></b>    |  |
| <b>Department of Health and Human Services:</b>  |                      |   |                         |  |
| Passed through the Board of Carroll County Commissioners:  |                      |   |                         |  |
| MaryLee Allen Promoting Safe and Stable Families Program   | 93.556               | CRRL/SSA 21-012-A2<br>(07/01/22 - 06/30/23)                   | <u>42,780</u>           |  |
| Passed through the Maryland Department of Human Resources:   |                      |   |                         |  |
| Low-Income Home Energy Assistance  | 93.568               | FIA/OHEP-23-003<br>(07/01/22 - 06/30/23)                      | 219,625                 |  |
| Low-Income Home Energy Assistance  | 93.568               | Benefit Funds<br>(07/01/22 - 06/30/23)                        | <u>554,013</u>          |  |
| Total Low-Income Home Energy Assistance passed through the Maryland Department of Human Resources                |                      |   | <u>773,638</u>          |  |

**HUMAN SERVICES PROGRAMS  
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2023  
(See independent auditor's report)

| Federal grantor/pass-through grantor/program or cluster title                                    | Federal AL<br>number | Pass-through entity<br>identifying number | Federal<br>expenditures    | Amount<br>passed through<br>to subrecipients |
|--|----------------------|---|----------------------------|--|
| <b>Department of Health and Human Services:</b>  |                      |   |                            |  |
| 477 cluster passed through the Maryland Department of Housing and<br>Community Development:      |                      |   |                            |  |
| Community Services Block Grant   | 93.569               | (10/01/22 - 09/30/24)                     | \$ 175,765                 |  |
| Community Services Block Grant   | 93.569               | (10/01/21 - 09/30/23)                     | 63,877                     |  |
| Community Services Block Grant   | 93.569               | (07/01/22 - 06/30/23)                     | 16,000                     |  |
| COVID-19 - Community Services Block Grant  | 93.569               | (03/27/20 - 09/30/22)                     | <u>136,101</u>             |  |
| Total 477 cluster passed through the<br>Maryland Department of Housing and Community Development |                      |   | <u>391,743</u>             |  |
| Passed through the Maryland Family Network, Inc.:  |                      |   |                            |  |
| Community-Based Child Abuse Prevention Grants  | 93.590               | 2102MDBCAP (07/01/22 - 12/31/22)          | <u>30,000</u>              |  |
| <b>Total Department of Health and Human Services</b>   |                      |   | <b><u>1,238,161</u></b>    |  |
| <b>U.S. Department of Homeland Security:</b>   |                      |   |                            |  |
| Direct Funding:  |                      |   |                            |  |
| Emergency Food and Shelter National Board Program  | 97.024               | Phase 39 (11/01/21 - 04/30/23)            | 7,279                      |  |
| Emergency Food and Shelter National Board Program  | 97.024               | ARPA-R (11/01/21 - 04/30/23)              | <u>30,244</u>              |  |
| <b>Total U.S. Department of Homeland Security</b>  |                      |   | <b><u>37,523</u></b>       |  |
| <b>Total federal expenditures</b>  |                      |   | <b><u>\$ 1,894,041</u></b> |  |

See notes to schedule of expenditures of federal awards.

**HUMAN SERVICES PROGRAMS  
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2023  
(See independent auditor's report)

**1. Basis of presentation:**

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. CFR 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 the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

**2. Summary of significant accounting policies:**

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Federal 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.

**3. Indirect cost rate:**

The Organization did not elect to use the 10% de minimis indirect cost rate as 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

Board of Directors  
Human Services Programs of Carroll County, Inc. and Subsidiary  
Westminster, Maryland

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 Human Services Programs of Carroll County, Inc. and Subsidiary, which comprise the consolidated statement of financial position as of June 30, 2023 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended and the related notes to the consolidated financial statements and have issued our report thereon dated February 26, 2024.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered Human Services Programs of Carroll County, Inc. and Subsidiary's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Human Services Programs of Carroll County, Inc. and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of Human Services Programs of Carroll County, Inc. and Subsidiary'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; and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a significant deficiency.

## **Compliance and Other Matters**

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

### **Human Services Programs of Carroll County, Inc. and Subsidiary's Response to Finding**

Human Services Programs of Carroll County, Inc. and Subsidiary's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Human Services Programs of Carroll County, Inc. and Subsidiary's 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Westminster, Maryland  
February 26, 2024

Report on Compliance  
for the Major Federal Program and on Internal Control Over  
Compliance in Accordance with the Uniform Guidance

*Independent Auditor's Report*

Board of Directors  
Human Services Programs of Carroll County, Inc. and Subsidiary  
Westminster, Maryland

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

*Opinion on the Major Federal Program*

We have audited Human Services Programs of Carroll County, Inc. and Subsidiary's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Human Services Programs of Carroll County, Inc. and Subsidiary's major federal program for the year ended June 30, 2023. Human Services Programs of Carroll County, Inc. and Subsidiary's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Human Services Programs of Carroll County, Inc. and Subsidiary complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

**Basis for Opinion on the Major Federal Program**

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

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

**Responsibility of Management for Compliance**

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

## **Auditor's Responsibilities for the Audit of Compliance**

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

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

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

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

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

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

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

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

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

*Brown Plus*

Westminster, Maryland  
February 26, 2024

**HUMAN SERVICES PROGRAMS  
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2023

**I. Summary of auditor's results**

*Financial statements:*

|  |                                   |
|--|-----------------------------------|
| Type of auditor's report issued:   | Unmodified                        |
| Internal control over financial reporting:   |                                   |
| Material weaknesses identified?  | ___ yes <u>X</u> no               |
| Significant deficiencies identified that are not considered to be material weaknesses? | <u>X</u> yes    ___ none reported |
| Noncompliance material to financial statements noted                                   | ___ yes <u>X</u> no               |

*Federal awards:*

|  |   |
|--|---|
| Internal control over major programs:  |   |
| Material weaknesses identified:  | ___ yes <u>X</u> no                       |
| Significant deficiencies identified that are not considered to be material weaknesses?                 | ___ yes <u>X</u> none reported            |
| Type of auditor's report issues on compliance for major programs:                                      | Unmodified                                |
| Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? | ___ yes <u>X</u> no                       |
| Identification of major program tested:  |   |
| <u>CFDA numbers</u>  | <u>Name of federal program or cluster</u> |
| 93.568   | Low-Income Home Energy Assistance         |
| Dollar threshold used to distinguish between Type A and Type B programs:                               | <u>\$750,000</u>                          |
| Auditee qualified as low-risk auditee:   | <u>X</u> yes    ___ no                    |

**HUMAN SERVICES PROGRAMS  
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023

**II. Financial statement findings:**

*Finding reference: 2023-001*

**Significant deficiency in internal control over financial reporting – cash reconciling items**

*Criteria:* Reconciling items on the bank reconciliation should only include those checks which have been issued and deposits which have been made as of the reconciliation date.

*Condition:* One check and one deposit were included in the year-end bank reconciliation but related to activity from early in the subsequent fiscal year.

*Cause:* Management did not carefully review two reconciling items and entries posted to cash.

*Effect:* During testing of cash during the audit, it was noted that the aforementioned check and deposit were erroneously included in the year-end bank reconciliation and reclassified the transactions to present proper balances. There was a total increase in cash of \$161,132, an increase in unconditional promises to give of \$34,855 and an increase in accounts payable of \$195,987.

*Context:* A check for \$195,987 was included on the year-end bank reconciliation which was not signed and mailed until three days into the subsequent year. A deposit of \$34,855 was included, but had the wrong effective date in the accounting software causing it to appear on the bank reconciliation even though the ACH transaction was not received until 18 days into the subsequent year.

*Recommendation:* We recommend that management carefully reviews cash reconciling items at year end to verify that such items are appropriately recorded to cash. Management should ensure that any outgoing checks still in the Organization's custody at year end are reclassified to accounts payable, and that all items shown as deposits in transit are funds which are in the Organization's custody as of that date.

*Views of Responsible Official(s) and Planned Corrective Actions:* See corrective action plan.

**III. Federal award findings and questioned costs:**

None

***HUMAN SERVICES PROGRAMS  
OF CARROLL COUNTY, INC. AND SUBSIDIARY***

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2023**

There were no prior audit findings reported.



Human Services Programs  
of Carroll County, Inc.

10 Distillery Drive, Westminster, MD 21157

P. O. Box 489, Westminster, MD 21158

[www.hspinc.org](http://www.hspinc.org)

410-857-2999

(F) 410-857-8793

## CORRECTIVE ACTION PLAN

February 26, 2024

U. S. Department of Health and Human Services

The Human Services Programs of Carroll County, Inc. and Subsidiary respectively submits the following corrective action plan for the year ended June 30, 2023.

Name and address of independent accounting firm:

Brown Plus  
205 East Main Street  
Westminster, MD 21157

Audit Period: July 01, 2022 to June 30, 2023



HSP is a 501c3 Tax-Exempt Organization.

The finding from the schedule of questioned costs for the year ended June 30, 2023 is discussed below. The finding is numbered consistently with the number assigned in the schedule.

**FINDING – FINANCIAL STATEMENT AUDIT**

Finding reference: 2023-001 – Significant deficiency in internal control over financial reporting – cash reconciling items

*Recommendation:* We recommend that management carefully reviews cash reconciling items at year-end to verify that such items are appropriately recorded to cash. Management should ensure that any outgoing checks still in the Organization’s custody at year-end are reclassified to accounts payable, and that all items shown as deposits in transit are funds which are in the Organization’s custody as of that date.

*Action taken:* Management carefully reviews the bank reconciliations and documents this process. Staffing changes, including the transition of a new Chief Financial Officer resulted in the two balance sheet reclassification errors. Additional training and a new cut-off review process has been implemented and future errors should not occur.

If the U. S. Department of Health and Human Services has any questions regarding this response, please call Tom Welliver, Deputy Executive Director, at 410-386-6627.

Sincerely,



Tom Welliver  
Deputy Executive Director