



City of Annapolis

Department of Planning & Zoning

145 Gorman Street, 3rd Fl

Annapolis, MD 21401-2535

PlanZone@annapolis.gov • 410-263-7961 • Fax 410-263-1129 • TDD use MD Relay or 711 • www.annapolis.gov

Community Development Block Grant (CDBG) Program Project Request for Fiscal Year 2022 Funds

Deadline: Thursday, December 3, 2020, at 4:30 p.m.

Organization name Anne Arundel County Community Action Agency, Inc.

Address 251 West Street Annapolis, MD 21401

Phone (410)626-1900 Fax 410.267.9143 Email cfairley@aaccas.org

Contact Charlestine R. Fairley, PhD Title Chief Executive Officer

Address 251 West Street Annapolis, MD 21401

Phone 410.626-1900 x1025 Fax 410.267.9143 Email cfairley@aaccas.org

Federal ID # 52-6064934 DUNS # 069389047

Incorporation Date 1965 State Maryland

501(c) (3) Registration date March 1966

Project title Housing Counseling FY22

CDBG amount requested \$ 10,000 Total project amount \$ 698231

Project location 251 West Street, Annapolis, Maryland 21401

Eligible activity Homeownership assistance to income-eligible home buyers

Faith-based Organization ☐ Yes ☒ No

Certification

"I certify that I have reviewed this application and that to the best of my knowledge and belief, all the information provided in this application is true."

Charlestine R. Fairley

Signature of Chief Executive Officer

12/01/2020

Date

Print name Charlestine R Fairley, PhD Title Chief Executive Officer

EXECUTIVE SUMMARY

In one page or less, please provide a brief summary of your project. Please be sure to include the following items: purpose of the project, how many people will be served, and how the funds will be used.

The purpose of Community Action's Empowerment Services is to: 1) educate low to moderate-income residents of the City of Annapolis and the County of the benefits of and how to achieve home ownership; 2) provide counseling to renters as they face eviction, and offer them information and emergency assistance funding to prevent them from losing their rental housing; 3) provide emergency financial assistance to low and moderate-income in times of financial crisis to prevent eviction and homelessness; 4) provide a case management component that assists with household budgeting, employment issues, and provides referrals to other community resources; and 5) provide financial literacy workshops utilizing the FDIC Money Smart module.

Comprehensive housing counseling and case management will benefit 300 low to moderate-income households, some of which are homeless. Providing educational and financial assistance to LMI families is one of the program's primary objectives. The program will provide assistance to customers seeking to purchase their first home, prevent homelessness, expand economic opportunities, and promote community development.

Counseling topics will include (but not be limited to): delinquency/default counseling; financial literacy education; credit repair; monthly financial planning; pre-purchase home buyer information; rental housing counseling; services for the homeless; and post-purchase education for home buyers.

Community Action has been successful in meeting the diverse housing needs of the customers we serve. We offer comprehensive monthly workshops for households exploring the option of buying their first home. The workshops that the Agency provides have been developed to meet the specific and unique challenges our customers face as they go through the home ownership process. Educational workshops are given by local professionals, volunteers (including a lender), a realtor, and a title attorney. A mock settlement is covered in the class agenda and all volunteers must be knowledgeable with CDA loans. Participants who attend all eight hours of training will receive a FHA certificate. The certificate allows their lender to apply to the State of Maryland's Maryland Mortgage Program First Time Home Buyers for \$5,000 to be allocated to down-payment and/or closing costs.

During FY2019 Community Action assisted 303 Annapolis households through the Agency's Housing Counseling program. We are requesting \$10,000 to counsel 300 households during FY2022.

A. DESCRIBE THE PROBLEM

Describe the specific problem(s) the project is intended to help solve and the people it is intended to help. Please include data used to identify and verify the need for the project such as Census data, waiting list information, and/or other statistics.

According to the Community Foundation of Anne Arundel County's latest Community Needs Assessment, affordable housing is one of the top three areas of concern throughout the City of Annapolis and Anne Arundel County.

Within Anne Arundel County, the cost of housing has doubled since 2001. Although the current HUD-designated fair market rent for a two-bedroom unit in the County is \$1,376 per month, the median rent for this size unit is over \$2,000 per month.

According to the US Census Bureau's American Community Survey 2019 estimates, 61% of County renter households with an income of \$75,000 and less are paying over 30% of their income on housing costs. Since HUD defines affordable housing as units in which the occupant pays no more than 30% of their household income on their housing costs, including utilities, it is clear that a significant number of local renters are struggling to maintain a roof over their heads.

In Oct. 2020, Maryland's unemployment rate was 7.8%, higher than the national rate of 6.9%. The State's labor force participation rate, which is the number of employed and unemployed workers divided by the civilian population number, was 66.0. Of the 3,153,141 civilian workers in Maryland, 2,906,718 were employed and 246,423 were unemployed. The number of households earning less than \$25,000 per year is 10% of the County's population, while at the same time the number of households earning \$100,000 or more is now over 50%. This disparity of income impacts renting households as rents go up, and landlords have the option of choosing tenants with higher incomes and better credit ratings.

For families living in Annapolis that are at risk of homelessness, the chance of finding housing in public or subsidized housing is particularly problematic. As of October, 2018, Housing Authority of the City of Annapolis (HACA) has a waiting list, with 1,668 Annapolis families waiting for a public housing unit and 502 waiting for vouchers. HACA has 790 public housing units, of which 710 are currently occupied (18 units are currently "off-line", and 384 housing vouchers allocated to the City, with 319 being used. The wait for vouchers is 8-15 years, and for public housing units in two years.

Community Action's customers largely consist of very-low to low-income households. In addition, we assist moderate-income households. With the \$10,000 requested funding from the City of Annapolis, we will support the salary of a housing counselor and a caseworker, who will provide counseling, financial literacy education, case management, and referrals to purchase a home and/or avoid homelessness.

B. DESCRIBE THE PROJECT

Describe the project and the activities that your organization will perform or services that will be provided, i.e. how this project is the solution to the previously described problem, and how your organization will use the CDBG funds.

The Housing Counseling project consists of: 1) Homeless Prevention which helps customers find a new house or remain in their current home; 2) counselors work with families to develop and implement Self-Sufficiency Plans for customers; 3) provides counseling for first time home buyers and renters; 4) provides counseling for those facing mortgage default and helps with foreclosure mitigation; and 5) eviction prevention services, which provides counseling and resources to prevent homelessness.

In addition, Community Action will acquire and analyze credit reports to determine if customers have credit problems that need to be addressed, and conduct credit repair and financial management workshops to assist customers in eradicating their issues.

C. PROJECT LOCATION AND BENEFICIARIES

1. What is the location of the proposed project?

251 West Street, Annapolis, Maryland 21401

2. Are you serving clients ☒ citywide or is there a ☐ service area? (Please check one)

If there is a service area(s) for this project, please describe the boundaries of the service area and provide census tract numbers and a map.

3. Does another organization provide the same service in the same service area?
☐ Yes ☒ No

If yes, please explain why both projects are needed to meet a need.

4. Number of people will directly benefit from this project 300
Of those, number who are low and moderate income 200
CDBG cost per low and moderate income persons. \$50

5. Please, identify the number of persons with special needs that this project will serve, if applicable.

Persons who are homeless	<u>25</u>
Persons with physical disabilities	<u></u>
Persons with mental illness	<u></u>
Persons with HIV/AIDS	<u></u>
Elderly persons	<u>20</u>
At-risk children and youth	<u></u>
Other (specify) <u>families, including children/yc</u>	<u>225</u>

6. Describe how you will provide documentation that the beneficiaries are low and moderate income persons or households. (Please see the income limits on page 2 of the application guidelines).

See attached

D. OUTCOME AND PERFORMANCE MEASUREMENT

Program Component (Please check **ONE** appropriate box that corresponds to the purpose for which funding is being requested.)

- | | |
|--|---|
| <input checked="" type="checkbox"/> Housing | <input type="checkbox"/> Public Facilities and Improvements |
| <input type="checkbox"/> Public Services | <input type="checkbox"/> Economic Development |
| <input type="checkbox"/> Homeless Activities | |

Program Objective (Please check **ONE** appropriate box which corresponds to the Objectives established by HUD)

- | | | |
|--|--|--|
| <input type="checkbox"/> Suitable Living Environment | <input checked="" type="checkbox"/> Decent Housing | <input type="checkbox"/> Creating Economic Opportunities |
|--|--|--|

OUTCOMES – The benefits to individuals, families, organizations and the community resulting from a program or activity. Outcomes are produced during or after their involvement in an activity. The outcomes may be one of the following: (1) Availability/Accessibility of services, (2) Affordability of services, or (3) Sustainability (Promoting livable or viable communities). Please check **ONE** desired outcome.

- | | | |
|---|--|--|
| <input type="checkbox"/> Availability/Accessibility | <input type="checkbox"/> Affordability | <input checked="" type="checkbox"/> Sustainability |
|---|--|--|

OUTCOME MEASUREMENT – Describe evaluation tools, methods and benchmarks to measure achievements of the outcome

Intake process designed to collect all demographic data
CDBG data participation form
Follow-up in 30/60/90 day increments
Client management system (empowOR)

D. LOCAL GOALS

1. Which Consolidated Plan goal does your project meet? Please check ONE of the following:

Housing Goals

- ☐ Continue to provide financial assistance to low- and moderate-income homeowners to rehabilitate their existing owner-occupied housing.
- ☐ Provide support to affordable housing developers/owners, and public housing authorities to rehabilitate housing units that are rented to low- and moderate-income tenants.
- ☐ Provide support for new construction of affordable rental units.
- ☐ Provide funds to acquire and rehabilitate vacant buildings for homeownership for low- and moderate-income households.
- ☐ Provide settlement expense assistance to eligible households to purchase a home.

Homeless Goals

- ☐ Provide funding for outreach workers that provide services to street homeless.
- ☒ Assist providers in the operation of housing and support services for the homeless by providing operating funds for shelter, services, and capital improvements.

Special Needs Goals

- ☐ Provide funds for the rehabilitation of existing buildings which house individuals with special needs.

Community Development Goals

- ☐ Support improvement of public facilities serving low and moderate-income persons. Support Vital Public Services concerned with assisting children and youth, providing persons with office skills training and job training, providing persons with information and referral and other services that promote family stability and self-sufficiency.

Employment Goals

- ☐ Support and encourage job creation, job retention, and job training opportunities.

Administration Goals

- ☐ Provide program management and oversight for the successful administration of Federal, state, and local funded programs, including planning services for special studies, environmental clearance, fair housing, and compliance with all Federal, state, and local laws and regulations.

2. Please explain how the proposed project addresses the local goal selected.

Community Action offers comprehensive workshops for local residents considering purchasing a home for the first time. Participants who attend eight hours of training will receive an FHA Certificate, which allows their lender to apply for the State of Maryland's Maryland Mortgage Program for First Time Home Buyers for \$5,000, which can be allocated to down payment and/or closing costs.

In addition to offering workshops for prospective home buyers, Community Action also offers comprehensive one-on-one counseling to better prepare their customers for home ownership. This includes financial literacy training, which includes developing a feasible monthly budget. Customers agree to report back to their counselor for 30, 60, and 90-day follow-ups to make sure they are on-track, and to make any adjustments to the budget that need to be made.

Community Action also acquires and analyzes credit reports to determine if customers have credit issues that need to be addressed for them to be able to purchase a home. Credit repair workshops are offered to assist customers in developing the habits they need to correct any deficiencies in their credit scores.

E. ORGANIZATION EXPERIENCE AND CAPACITY

	Full time	Part time
1. Number of paid staff	4	1
2. Number of paid staff that will work on this project	4	1
3. Number of volunteer staff		5
4. Describe your organization's mission, current activities, and how your proposed project furthers that mission and current activities.		

Community Action empowers people in reducing poverty and building resilient communities. Our programs include: Early Head Start, Empowerment, Energy Assistance, Health and Wellness Initiative, Returning Citizens and Youth Development Services.

The housing services adheres to the mission by helping people reach self-sufficiency through budget planning and other case management, helping find stable housing, whether through renting or purchasing a home.

5. Describe your organization's most recent key accomplishments.

From the beginning of the Covid-19 Pandemic, the Agency was able to equip 100% of it's staff with hardware, software, cellular phones and other devices to enable remote working. This allowed the Agency to increase the number of clients served, instead of decreasing during a time which saw a 3-fold increase in the number of applicants. A toll free, Emergency Crisis hotline was also installed to provide customers with 24-hr access to services.

6. Please, discuss your organization's administrative capacity to carry out the project successfully, e.g., has previous experience with similar projects.

As of the 1970s, Community Action was the first HUD-certified housing counseling organization in the County. There are currently 2 HUD Certified Housing Counselor on staff, one of which is a HUD Certified HECM Counselor. A bilingual Case Manager is also part of the Housing Counseling staff.

7. Please discuss your organization's financial capacity. Please describe the fiscal management, disbursement methods, financial reporting, record keeping and accounting procedures.

See attached ("Key Features of AACCAA's Financial and Property Management Systems")

8. What is the amount of your organization's current annual operating budget?

\$ 4,056,236.00

9. List your major source(s) of funding:

U.S. Department of Health & Human Services

\$ 3,369,236

U.S. Department of Housing & Urban Development

\$ 358,000

Anne Arundel County

\$ 234,000

State of Maryland

\$ 59,000

F. PROJECT BUDGET for PUBLIC SERVICES PROJECTS

Budget item	CDBG funds requested	Other funding	Source (Federal, State, Private)	Other funding committed or requested?	Total project cost
Salaries (list each position)	\$	\$			\$
Housing Counselor w/fringe	10,000	81,371	All	Both	91,371
Housing Assistant w/fringe		21,190	All	Both	21,190
Case Manager w/fringe		40,250	All	Both	40,250
Rent/Leasing Costs		21,830	All	Both	21,830
Telephone					
Telephone		10,250	All	Both	10,250
Utilities		18,780	All	Both	18,780
Travel		5,500	All	Both	5,500
Contract Services		78,860	All	Both	78,860
Equipment		5,000	All	Both	5,000
Insurance		5,215	All	Both	5,215
Office Supplies		4,500	All	Both	4,500
Printing/Postage		1,300	All	Both	1,300
Audit/Accounting		38,350	All	Both	38,350
Other (please describe)					
Client Assistance		350,00	All	Both	350,000
Dues/ Admin		5,825	All	Both	5,825
Total Budget	\$ 10,000	\$ 688,231			\$ 698,231

2. Will you use volunteers or in-kind contributions for this project, please explain.

Five volunteers with different skill sets and qualifications will be conducting the First-Time Homebuyers classes and workshops.

G. PROJECT BUDGET FOR CAPITAL PROJECTS

Budget Item	Total amount of CDBG Requested	Other Funds	Source (Federal, State, Private)	Other funding committed or requested?	Total Project Costs
<i>PROJECT COSTS</i>	\$	\$			\$
Acquisition					
a. Cost of Building or Land					
b. Settlement Costs					
Hard Construction Costs					
a. Cost of Construction					
b. Contingency					
Relocation Costs					
Holding Costs					
Architecture and Engineering					
Construction Administration					
Application Fee					
Environmental/Lead Survey					
Marketing					
Permits & Fees					
Appraisals					
Hazard & Builders Risk					
Taxes (Property)					
Accounting					
Legal					
Title/Recording					
Inspection Fees					
Other:					
TOTAL	\$	\$			\$

2. Will you use volunteers or in-kind contributions for this project, please explain.

FOR CAPITAL PROJECTS ONLY

PROPERTY INFORMATION

(Complete only if the project involves property acquisition, construction, and/or rehabilitation.)

1. Where is the project located or to be located?

2. If the project is to be located at a specific location, please give the address.

3. Please describe the current use of the proposed location for the project.

4. If the proposed project is for a specific location, do you have site control (deed, contract of sale)? ☐ Yes ☐ No

If no, please describe plans for obtaining site control with an estimated date for when you plan to have site control.

5. If the proposed project is for a specific location, what is the current zoning for the site?

6. Demonstrate how the proposed project is in compliance with local zoning codes and land use designations or describe any zoning or land use challenges currently being reviewed that may affect the project.

7. Will Davis Bacon wages rates apply? ☐ Yes ☐ No

CONFLICT OF INTEREST QUESTIONNAIRE

The Code of the City of Annapolis prohibits “employees” and “officials” of the City, as defined by [Chapter 2.08](#) of the City Code, from participating on behalf of the City in any matter in which they have certain financial or business interests. Each applicant for Community Development Block Grant (CDBG) funding from the City shall complete and submit this Conflict of Interest Questionnaire to allow the City to determine if the applicant or any of its staff, employees, Board of Directors, officers, and/or governing body would be in a conflict of interest under the City Code.

- a. Is there any member(s) of the applicant's staff, employees, Board of Directors, officers, and/or governing body who currently is or has/have been within one (1) year of the date of this application a City employee, official, or consultant, or a member of the City Council?

☒ Yes ☐ No

If yes, please list the names(s) and City position below:

Alderman DaJuan Gay (ward 6)

- b. Will the CDBG funds requested by the applicant be used to award a subcontract to any individual(s) or business affiliate(s) who currently is or has/have been within one (1) year of the date of this application a City employee, official, consultant, or a member of the City Council?

☐ Yes ☒ No

If yes, please list the name(s) and City position below:

- c. Is there any member(s) of the applicant's staff, employees, Board of Directors, officers, and/or other governing body who are business partners and/or family members of a City employee, official, or consultant, or a member of the City Council?

☐ Yes ☒ No

If yes, please list the name(s) and the business partner's/family member's City position below:

If you have answered “YES” to any of the above, the CDBG Office and the City shall review those financial and/or business interests to determine whether a real or apparent conflict of interest exists between the applicant and the acceptance of CDBG funding from the City.

Name of Applicant's Authorized Official: Charlestine R. Fairley, PhD

Authorized Official's Title: Chief Executive Officer

Signature of Authorized Official: 

**CITY OF ANNAPOLIS
COMMUNITY DEVELOPMENT BLOCK GRANT FY 2022**

DOCUMENT CHECK LIST

- ☒ 1 original
- ☒ IRS tax-exempt determination letter
- ☒ Copy of your Articles of Incorporation
- ☒ Bylaws
- ☒ Project Map
- ☒ Recent (within 6 months) Certificate of Good Standing from the Maryland Department of Assessments and Taxation (Call 410-767-1340 to obtain a Certificate)
- ☒ Current list Board of Directors
- ☒ Name your accountant and/or attorney
- ☒ Copy of your latest Audit/Financial Statement or Federal Tax Form 990
- ☒ Signature of Chief Executive Officer
- ☐ If this is a rehabilitation or construction project, provide evidence of site control, e.g., deed, lease, etc.
- ☐ If capital project, provide evidence of zoning compliance
- ☒ Signed Conflict of Interest Form

CDBG Staff Only

All forms are included/complete: ☐ Yes ☐ No

Reviewer signature _____ Date _____



U. S. TREASURY DEPARTMENT
INTERNAL REVENUE SERVICE

DISTRICT DIRECTOR
Audit Division

P. O. Box 538
Baltimore, Maryland 21203

Tax Exempt

IN REPLY REFER TO
Form L-178
210:50

MAR 28 1966

Anne Arundel County Economic
Opportunity Committee, Inc.
212 Duke of Gloucester Street, P.O. Box 328
Annapolis, Maryland 21404

52-6064934

Gentlemen:

PURPOSE Charitable & Educational	
ADDRESS INQUIRIES & FILE RETURNS WITH DISTRICT DIRECTOR OF INTERNAL REVENUE Baltimore, Maryland	
FORM 990-A RE- QUIRED <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	ACCOUNTING PERIOD ENDING December 31

On the basis of your stated purposes and the understanding that your operations will continue as evidenced to date or will conform to those proposed in your ruling application, we have concluded that you are exempt from Federal income tax as an organization described in section 501(c)(3) of the Internal Revenue Code. Any changes in operation from those described, or in your character or purposes, must be reported immediately to your District Director for consideration of their effect upon your exempt status. You must also report any change in your name or address.

You are not required to file Federal income tax returns so long as you retain an exempt status, unless you are subject to the tax on unrelated business income imposed by section 511 of the Code, in which event you are required to file Form 990-T. Our determination as to your liability for filing the annual information return, Form 990-A, is set forth above. That return, if required, must be filed on or before the 15th day of the fifth month after the close of your annual accounting period indicated above.

Contributions made to you are deductible by donors as provided in section 170 of the Code. Bequests, legacies, devises, transfers or gifts to or for your use are deductible for Federal estate and gift tax purposes under the provisions of section 2055, 2106 and 2522 of the Code.

You are not liable for the taxes imposed under the Federal Insurance Contributions Act (social security taxes) unless you file a waiver of exemption certificate as provided in such act. You are not liable for the tax imposed under the Federal Unemployment Tax Act. Inquiries about the waiver of exemption certificate for social security taxes should be addressed to this office, as should any questions concerning excise, employment or other Federal taxes.

This is a determination letter.

Very truly yours,

(Signed) Irving Machiz

Irving Machiz

District Director

ANNE ARUNDEL COUNTY ECONOMIC OPPORTUNITY COMMITTEE, INC.

ARTICLES OF INCORPORATION

FIRST: WE, THE UNDERSIGNED, Roy C. Chambers, whose post office address is 146 Riverview Avenue, Annapolis, Maryland, Sylvia R. McMillan, whose post office address is Route #1, Box 617, Annapolis, Maryland, and Howard M. Nickelson, whose post office address is 404 Stone Drive, Severna Park, Maryland, each being at least twenty-one (21) years of age, do hereby associate ourselves as incorporators with the intention of forming a corporation under and by virtue of the General Laws of the State of Maryland.

SECOND: The name of the Corporation (which is hereinafter called the Corporation) is: Anne Arundel County Economic Opportunity Committee, Inc.

THIRD: The purpose for which the Corporation is formed is to provide stimulation and incentive for urban and rural communities to mobilize their resources to combat poverty through community action programs and that such programs be developed, conducted and administered with the maximum feasible participation of residents of the areas and members of the groups served.

FOURTH: It shall be the general purpose and function of this organization to plan and coordinate programs designed to combat problems of poverty and seek the elimination of conditions of poverty as they affect the inhabitants of urban and rural communities of Anne Arundel County.

This general purpose and function shall encompass the following specific purposes and functions:

A. To collect and analyze data on the incidence and nature of poverty in Anne Arundel County; identify sub-areas and groups where problems of poverty are concentrated; define major problems which require community action; and determine methods of approach to such problems.

B. To analyze existing public, private, and civic agencies and services as they concern the problems of poverty; improve coordination and

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methods of fuller mobilization of all resources for support of community action efforts.

C. To stimulate and encourage programs for providing services, assistance, and other activities, with maximum possible involvement of people to be benefited, toward developing employment and economic opportunities, improving human performance, individual and group motivation and productivity, and bettering conditions under which people live, learn and work.

D. To foster action planning for specific community service programs, and plan with local governments and other public, private and voluntary agencies or groups for the mobilization of required financial and other resources to participate in federal funds which may be available for such programs and for strengthening basic community services.

E. To evaluate action plan proposals and foster cooperation among appropriate functional agencies, public and private, for implementation of specific action programs recommended and approved as components of a community action program.

F. To act as the administrative agent for the utilization and application of governmental and any voluntary funds made available, either through sub-contracting with appropriate operating organizations or agencies, or by establishing necessary administrative organizations for this purpose for furthering any or all of the above general and specific purposes and functions.

FIFTH: However, notwithstanding the above enumerated powers, the Corporation shall not engage, other than an insubstantial part, in activities which in themselves are not in furtherance of its exempt purposes.

SIXTH: Upon the dissolution of the Corporation, the Board of Directors shall, after paying or making provision for payment of all of the liabilities of the Corporation, dispose of all of the assets of the Corporation exclusively for the purposes of the Corporation in such manner, or to such organization or organizations for charitable, educational, religious or scientific purpose as the Board of Directors shall determine.

SEVENTH: The post office address of the principal office of the Corporation in this State is 146 Riverview Avenue, Annapolis, Maryland. The name and post office address of the resident agent of the Corporation in this State are Roy C. Chambers, 146 Riverview Avenue, Annapolis, Maryland. Said resident agent is an individual actually residing in this State.

EIGHTH: The Corporation shall not be authorized to issue any capital stock whatsoever.

NINTH: The Corporation is not organized for profit and no part of the net earnings of the Corporation shall at any time or in any manner inure to the benefit of any member, trustee, or officer of the Corporation or of any other individual, except that reasonable compensation may be paid for services rendered to or for the Corporation affecting one or more of its purposes. The Corporation shall not promote in any way, either directly or indirectly, the private interest of any member, trustee, or other individual.

TENTH: The Corporation may ~~have 23 Directors,~~ not have more than 23 Directors, which number may be increased or decreased pursuant to the By-laws of the Corporation, but shall never be less than three; and the names of the Directors who shall act until the first Annual Meeting or until their successors are duly chosen and qualified are:

1. Roy C. Chambers, 146 Riverview Avenue, Annapolis, Maryland
2. Sylvia R. McMillan, Rt. #1, Box 617, Annapolis, Maryland
3. Howard M. Nickelson, 404 Stone Drive, Severna Park, Maryland

ELEVENTH: The Board of Directors may choose the first members in accordance with the By-laws. Members may resign or be removed, vacancies may be filled and additional members elected as provided by the By-laws, which may prescribe different classes of members and prescribe the powers and duties of each class.

IN WITNESS WHEREOF, I have signed these Articles of Incorporation on this 30th day of July, 1965.

N. S. Smith
Witness

Roy C. Chambers (SEAL)
Roy C. Chambers

STATE OF MARYLAND }
COUNTY OF ANNE ARUNDEL }

I HEREBY CERTIFY that on this 30th day of July, 1965,
before me, the subscriber, a Notary Public of the State of Maryland,
in and for the County aforesaid, personally appeared ROY C. CHAMBERS,
and he acknowledged the foregoing Articles of Incorporation to be his
act and deed.

WITNESS my hand and Notarial Seal.

Naomi S. Smith
Notary Public

IN WITNESS WHEREOF, I have signed these Articles of Incorporation on this 30th day of July, 1965.

N. S. Smith
Witness

Sylvia R. McMillan (SEAL)
Sylvia R. McMillan

STATE OF MARYLAND }
COUNTY OF ANNE ARUNDEL }

I HEREBY CERTIFY that on this 30th day of July, 1965,
before me, the subscriber, a Notary Public of the State of Maryland, in
and for the County aforesaid, personally appeared SYLVIA R. McMILLAN, and
she acknowledged the foregoing Articles of Incorporation to be her act
and deed.

Naomi S. Smith
Notary Public

IN WITNESS WHEREOF, I have signed these Articles of
Incorporation on this 30 day of July, 1965.

Julius Thut
Witness

Howard M. Nickelson
Howard M. Nickelson (SEAL)

STATE OF MARYLAND }
COUNTY OF ANNE ARUNDEL }

I HEREBY CERTIFY that on this 30 day of July, 1965,
before me, the subscriber, a Notary Public of the State of Maryland, in
^{Baltimore}
and for the County aforesaid, personally appeared HOWARD M. NICKELSON,
and he acknowledged the foregoing Articles of Incorporation to be his
act and deed.



Julius Thut
Notary Public

OF

ANNE ARUNDEL COUNTY ECONOMIC OPPORTUNITY COMMITTEE, INC.

approved and received for record by the State Department of Assessments and Taxation
 of Maryland August 2, 1965, at 2:00 o'clock P.M. as in conformity
 with law and ordered recorded.

A 1666

Recorded in Liber 2492, folio 383 one of the Charter Records of the State
 Department of Assessments and Taxation of Maryland.

Bonus tax paid \$.....20.00.....Recording fee paid \$.....10.00.....

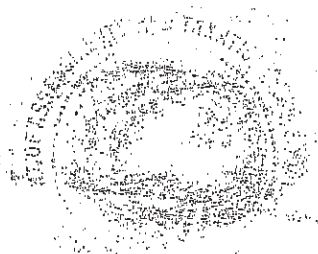
REC'D FOR RECORD IN
 LAND RECORDS OF
 ANNE ARUNDEL COUNTY
 1965 OCT 21 AM 9:41
 & RECORDED IN LIBER LNP
 NR 35 FOLIO 446

To the clerk of the Circuit Court of Anne Arundel County

IT IS HEREBY CERTIFIED, that the within instrument, together with all endorsements thereon,
 has been received, approved and recorded by the State Department of Assessments and Taxation
 of Maryland.

AS WITNESS my hand and seal of the said Department at Baltimore.

Charles H. [Signature]
 25





Helping People, Changing Lives

CONSTITUTION AND BYLAWS
Community Action Agency, Inc.
of Anne Arundel County, Maryland

ARTICLE I – NAME

Section I NAME: The name of this organization shall be the Community Action Agency, Inc. of Anne Arundel County, Maryland.

ARTICLE II – PURPOSE AND FUNCTIONS

Section I PURPOSE: It shall be the general purpose and function of this organization to plan and coordinate programs designed to arrest problems of poverty and provide opportunities to eliminate conditions of poverty as they affect the inhabitants of urban, suburban and rural communities of Anne Arundel County.

MISSION STATEMENT: The Community Action Agency Empowers People in Reducing Poverty and Building Resilient Communities.

VISION STATEMENT: The Community Action Agency will become the Recognized Leader In Addressing Poverty and Improving the Quality of Life in the Communities of Anne Arundel County.

Section II FUNCTIONS: The specific function shall encompass the following:

- A. To collect and analyze data on the incidence and nature of poverty in Anne Arundel County; identify sub-areas and groups with problems which require community action; and determine methods of approach to such problems.
- B. To analyze existing public, private and civic agencies and services as they concern the problems of poverty; improve coordination and methods of fuller mobilization of all resources for support of Community Action efforts.
- C. To stimulate and encourage programs for providing services, assistance, and other activities, with maximum possible involvement of people to be benefited toward developing employment and economic opportunities, and improving human performance, individual and group motivation and productivity, and bettering conditions under which people live, learn and work.
- D. To foster action planning for specific community services programs, and plan with local governments and other public and private voluntary agencies or groups for the mobilization of required financial and other resources to participate in Federal funds which may be available for such programs and for strengthening basic community services.
- E. To evaluate action plan proposals and foster cooperation among appropriate functional agencies public and private, for implementation of specific action programs recommended and approved as components of a community action program.

- F. To act as the administrative agency for the utilization and application of governmental and any voluntary funds made available, either through sub-contracting written agreements with appropriate operating organizations or agencies, or by direct administrative implementation of governmental funds for the purpose of accomplishing the general and specific purpose and functions of the Board of Directors.

ARTICLE III – MEMBERSHIP

The members of the Corporation shall be the Board of Directors (hereinafter “Board”), shall constitute the members of the corporation.

ARTICLE IV – BOARD OF DIRECTORS

Section I ROLE AND RESPONSIBILITY: The affairs of the corporation shall be governed by a Board of Directors. The Board of Directors shall manage the business, property and affairs of the organization, and may exercise and delegate any and all of the powers of the organization as it sees fit, subject only to restrictions imposed by statute, the organization Articles of Incorporation, and these Bylaws. The Board of Directors shall establish corporate and administrative policies; authorize operational goals and objectives; emphasize overall corporate planning; authorize agreements and contracts; adopt the budget; approve committee appointments; provide for the maintenance of headquarters; employ, direct and discharge executive personnel; authorize meetings; review committee reports; and determine action to be taken.

Board members shall actively participate in community outreach, gift solicitation, and event and campaign planning.

In addition to the general corporate powers granted under the State of Maryland Charter issued to the organization, which established it as a private, nonprofit corporation, specific functions of the Board of Directors are:

- A. to appoint and conduct an annual review of the Chief Executive Officer of the organization and approve appointments of Executive Staff and Program Directors based on recommendations of the Personnel Committee by a majority vote;
- B. to approve major personnel, organization, fiscal, and program policies;
- C. to approve overall program plans and priorities for the organization, including provisions for evaluating progress and performance;
- D. to grant final approval of all program proposals and budgets;
- E. to enforce compliance with all grant conditions at local, state and national levels;
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- F. to oversee the extent and the quality of the participation of the low-income population in the programs of the organization;
- G. to approve and implement rules and procedures for the governing Board of Directors;

- H. to select the officers and the Executive Committee of the governing Board of Directors;
- I. to attend meetings of the Board of Directors in accordance with Article VII Section VI of these Bylaws; and serve on at least one (1) Board committee.
- J. to maintain a record of in-kind services and/or contributions to the Agency.

Section II NUMBER OF DIRECTORS AND COMPOSITION: The Board shall have up to twenty-one (21) persons, but at least fifteen (15) persons.

The Board shall, at all times, be composed of persons dedicated to the mission of the organization and representing the diversity of the community being served, taking into account race, gender, economic status, age and other factors.

The exact number of Directors are to be divisible by three (3) and established by resolution of the Board. Any decision to decrease the size of the Board of Directors shall not have the effect of shortening the term of any incumbent (current) Director. The number of Directors shall be divided into the following categories:

- Category 1: Elected Public Officials
- Category 2: Target Area Population and Low Income
- Category 3: Private Organizations

- A. Elected Public Officials: One-third (1/3) of the Directors shall be public official directors. The individuals appointed as public official directors shall be elected public officials, or if not enough elected officials are available and willing to serve, then appoint public officials with general government responsibilities or responsibilities that require them to deal with poverty-related issues. The Membership and Recruitment Committee shall make an effort in selecting public officials for nomination to the Board, to ensure that the public officials represent all geographic areas served by the corporation (i.e., including State, County, and City officials). The public officials shall be selected by vote of the Board of Directors and shall hold public office on the date of their selection. If a public official is not willing to serve personally on the Board of Directors, he or she may appoint a representative who shall serve as the public official director. All recommendations will be contingent upon the approval of the Board.
- B. Representatives of the Low-Income Population: One-third (1/3) of the Directors shall be persons chosen in accordance with democratic selection procedures adequate to assure that they are representatives of the low-income population in the area served by the corporation. They need not be low income themselves, but the selection procedure shall be conducted in a manner that will assure they represent low income persons by clearly demonstrating their interest in working to advance the interests or advocating on their behalf.

- C. Representatives of Private Organizations: One-third (1/3) of the Directors shall be officials or members of civic, professional, business, industry, labor, religious, law enforcement, education, welfare, or other major groups and interests within the service area.
- D. Representing a Geographic Location: Each member of the Board selected to represent a specific geographic area within the community must reside within the specific area he or she represents.
- E. Service and Compensation: No member of the Board of Directors shall be entitled to or shall receive any compensation for service on the Board. Allowances for the Low-income population, and reimbursements for expenses to all members will be made.

Section III SELECTION OF THE BOARD: Members of the Board are selected in the following manner to speak and act on behalf of the group or organization, which they represent. All selections of new members are subject to the approval of the Board.

- A. SELECTION OF CATEGORY 1 - Elected Public Officials: One third (1/3) of the seats on the Board of Directors shall be allocated to public officials or their selected representatives as described in ARTICLE IV Section II above. The Membership and Recruitment Committee of the Board will meet annually to review director status with respect to the public officials to be represented and then present its recommendations as to any vacancies to the entire Board for approval. The public officials shall be selected by vote of the Board of Directors and may continue to serve until they leave office (terminus).
- B. SELECTION OF CATEGORY 2 - Target Area Population and Low Income: Not less than one third (1/3) of the seats on the Board of Directors shall be allocated to representatives of low income persons living within the service area. These representatives shall be elected or designated by the low-income persons living within the various designated areas as follows:

The Board shall develop procedures for the democratic selection of representatives of low-income persons to serve on the Board, and every effort shall be made to provide low-income residents of the corporation's service area the opportunity to fully participate in the selection process.

- C. SELECTION OF CATEGORY 3 - Private Organizations: One third (1/3) of the Board shall consist of individuals or representatives of community groups. The Membership and Recruitment Committee of the Board shall meet annually to review Director status and make recommendations for nominees for any vacancies. They will make their selections from among individuals or organizations who represent civic, professional, business, industry, labor, religious, law enforcement, education, welfare, or other major groups and interests within the service area. The Membership and Recruitment Committee will then present their recommendations to the corporation's Board, which may approve or reject any nominee.

Section IV PETITION (REQUEST) FOR MEMBERSHIP:

- A. Any low-income individual, community organization, religious organization or representative of low-income individuals that considers its organization or low-income individuals to be inadequately represented on the Board may submit a petition for representation to the Chair of Membership and Recruitment Committee, who shall present the petition to the directors at the next Board meeting.

In the case of unincorporated organizations of interests, the petition must be signed by at least twenty-five (25) individuals, unless the Chair determines that it is appropriate to waive this requirement in a particular case. The petitioning individual or organization shall be given an opportunity to be heard at a meeting of the Board, upon such reasonable terms as the Directors shall determine. Should it decide to provide representation to the petitioning organization of interest, the Board shall take any actions necessary to provide that representation while ensuring that the Board's composition meets the requirements of the federal Community Services Block Grant Act and any other applicable laws or regulations.

- B. If any groups or individuals representing either low income persons or private interests are found to be deserving of representation on the Board of Directors the following action shall be taken:
1. If it is necessary, the Board shall provide additional seats for the public officials and low-income people so that at all times 1/3 of the Board shall be composed of public officials and not less than 1/3 of the Board be composed of low income people; or
 2. If the Board of Directors shall, in its own judgment and discretion, decide not to adopt the alternative noted in (# 1) above, it shall place the approved petitioning group or individual on a waiting list. At the end of each year the Board of Directors shall then by such procedures as it shall deem proper provide for an orderly and systematic rotation of representing groups.

Section V PROXY: No Director shall be entitled to give proxy to another Director, nor shall any Director be entitled to designate a representative to serve in his or her place.

Section VI TERM: Board members shall be elected to two-year terms and are eligible for election for up to two (2) consecutive terms. Directors may be re-nominated to serve on the board following a one (1) year absence from the board. Lifetime service to the organization is limited to ten (10) years.

Employment by the Corporation shall disqualify an individual and any member of the individual's immediate family from eligibility for election to the Board of Directors. Employment of a Director or a member of a Director's immediate family by the Corporation shall automatically terminate the term of office of that Director.

Section VII LIMITATION ON BOARD SERVICE:

- A. Public Officials or their representatives serve at the pleasure of the designating officials as long as the public official is currently holding office (terminus).

- B. Representatives of the low-income population and of private organizations may serve up to five (5) consecutive years, but not more than a total of ten (10) years. After serving five (5) consecutive years a representative of the low-income population and/or private organization must present a letter from the organization they represent that reaffirms that he/she can keep their seat on the Board of Directors for an additional five years.

Section VIII ELECTIONS: The Membership and Recruitment Committee will nominate one person for each of the available seats to be filled on the Board of Directors by October of each year. New directors shall be elected by a majority of Directors present at such a meeting, provided there is a quorum present. Directors so elected shall serve a term beginning on the first day of the next fiscal year (July 1st).

Section IX VACANCIES AND REMOVAL: Vacancies occurring on the Board of Directors may be filled at any time by appointment of the President with approval of two-thirds vote of the Board of Directors. The appointment will be for the unexpired term of the position. Fulfillment of appointed partial terms shall not count toward a director's term; appointed directors may serve additional full terms subject to term limitations addressed in ARTICLE IV Section VII.

Any vacancy within the Board of Directors must be filled as soon as possible, ideally within 90 days by the same procedures used for the normal selection of Directors. The replacement director selected shall serve for the remainder of the unexpired term of the departed Board member.

In the event a Director, who is serving as a representative of a Public Official, is no longer eligible to serve or if the Public Official no longer wishes for that person to represent him/her on the Board, the Public Official shall personally replace his/her former representative on the Board as a Board member. If the Public Official is not willing to serve personally then the position shall be deemed vacant and shall be filled by the procedures described in ARTICLE IV Section III.

Removal of any director elected or appointed by the Board of Directors may be performed by the Board of Directors by a two-thirds (2/3) vote of the Directors present at the meeting, whenever they determine the removal is in the best interests of the corporation.

Section X RESIGNATIONS, TERMINATION AND ABSENCES:

- A. Resignation from the Board must be in writing and received by the President or the Secretary.
- B. Termination of Board members shall be due to excess absences or more than two unexcused absences from board meetings in a year. A Board member may be removed for other reasons by a two-thirds (2/3) vote of the remaining Directors.
- C. Absent Board members may be excused from attendance upon notification to the President prior to the scheduled meeting.

ARTICLE V – OFFICERS

Section I OFFICERS: The Anne Arundel County Community Action Agency, Inc. shall have the following Officers: President, Executive Advisor (optional), Vice-President, Secretary, and Treasurer; and such other officers which may be provided for and whose duties may be fixed by the Board of Directors. Each Officer of this Corporation shall be a member of the Board of Directors. The Board of Directors may also create the officer of one or more assistant Treasurers or Secretaries, all of whom shall be elected by the Board of Directors.

Any two or more offices shall not be held by the same persons, except for the office of President. Each officer shall serve for a term of two (2) years and may be re-elected for no more than two succeeding 2-year terms.

If a vacancy occurs in the President's position at any time during his or her term, the Vice President shall assume the office of President for the remainder of the term. A Vice President shall be elected immediately after the current Vice President moves to the Presidency. The elected Vice-President shall be the President-elect. The immediate past-president shall be included on the Executive Committee and the list of Officers.

Section II DUTIES OF THE OFFICERS:

The Officers shall possess such powers and perform such duties as shall be determined by the Board of Directors. The officers shall perform the duties normally prescribed to their respective office according to rules of procedures.

- A. President: Performs duties customary to the Office of President, or as directed by the Board of Directors. He or she shall serve as the leader and official spokesman for the Board of Directors. The President or his designee shall:
1. Convene and preside at all meetings of the membership and all meetings of the Board of Directors and the Executive Committee,
 2. Appoint committees and serve as ex-officio on all committees,
 3. Set the agenda for meetings,
 4. Work cooperatively with the Chief Executive Officer,
 5. Perform duties as prescribed in the Bylaws and the Board Procedures Manual,
 6. Supervise and control all of the business and affairs of the corporation,
 7. Sign with the secretary or other proper officer of the corporation thereunto authorized by the Board of Directors, any bonds, contracts, or other instruments which the Board of Directors has authorized to be executed; except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some officer or agent of the corporation, or the signing and execution thereof shall be required by law to be otherwise signed or executed, and in general shall perform all duties as may be prescribed by the Board of Directors from time to time,
 8. Have the power to call off or postpone any Board meeting for cause upon the advice and consent of at least six (6) other members of the Board, and
 9. Be an ex officio non-voting member of all committees.

- B. President Elect of the Board shall:
1. Perform such duties as the President and/or the Board of Directors may determine;
 2. Perform the duties of the President in the absence of the President, and
 3. Serve as Chair of the Strategic Planning Committee and an ex officio member of the Membership and Recruiting committee.
- C. Past President of the Board shall:
1. Perform such duties as the President and/or the Board of Directors may determine, and
 2. Serve as Chair of the Membership and Recruitment Committee.
- D. Executive Advisor: (optional) shall assist in the transition of materials and information necessary for the new officers. The Executive Advisor serves as advisor and support, to new administration to complete the business left over from the previous administration.
- E. Vice President: In the absence of the President or in the event of his or her disability to act, the Vice President shall perform the duties of President, and when so acting shall have all the power of and be subject to all restrictions upon the President. The Vice President shall perform all such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors.
- F. Treasurer: If required by the Board of Directors, the treasurer shall give bond for the faithful discharge of duties in such sum and such surety or sureties as the Board of Directors shall determine. He or she shall:
1. Have the charge and custody of and be responsible for all funds and securities of the corporation, however received, save and except for such funds as the Board of Directors may from time to time entrust to the care and use of designated paid employees of the organization, to be used exclusively for the operation of the organization;
 2. May appoint an individual to receive and give receipt for monies due and payable to the corporation from any source whatsoever, and deposit in the name of the corporation in such banks, trust companies, to the other depositories shall be selected in accordance with Article V of these Bylaws;
 3. Be the Chairman of the Finance Committee;
 4. Disburse the funds of the organization as ordered by the Board of Directors;
 5. Oversee day-to-day authority for managing the finances of the Organization;
 6. Provide such financial reports and statements as the Board of Directors or Executive Committee may from time to time require or request;
 7. Supervise the keeping and auditing of the accounts which shall be open at all times to inspection by the Board of Directors and the Executive Committee; and
 8. Perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him/her by the President of the Board of Directors.

G. Secretary: The Secretary shall:

1. Be responsible for the upkeep of all corporate records,
2. Oversee notice and maintenance of the minutes of the meetings: Board of Directors and Executive Committee;
3. May appoint an individual to keep the minutes of the Board of Directors meetings in one or more books provided for that purpose;
4. See that all notices are duly given in accordance with the provisions of these Bylaws or as required by law;
5. Be custodian of the corporate records and the seal of the corporation and see that the seal of the corporation is affixed to all documents, the executive of which on behalf of the corporation under its seal is duly authorized in accordance with these Bylaws;
6. Keep the roster of Directors' names, addresses, and terms of office for the active or inactive and low income or non-deprived status; and,
7. Perform all the duties customary to the office of Secretary and such other duties that may be required by the Board of Directors or the President of the Board.

Section III ELECTION AND TERMS OF OFFICE:

All officers, except for the CEO, shall be elected for a two (2) year term with no more than two (2) consecutive two-year terms in the same office. No one person may hold more than one office at the same time.

Section IV RESIGNATION AND REMOVAL:

Whenever, in the judgment of the Board of Directors, the best interests of the organization will be served, any officer may be removed from office by the affirmative vote of two-thirds of the Board of Directors. Any officer may resign at any time by delivering a written resignation to the President or the Secretary.

Section V VACANCIES:

In the event a vacancy occurs in any Officer's position, it shall be filled in the following manner until the next election:

- A. President - The Vice President shall assume the office.
- B. In case of vacancy in the office of both President and President Elect, the duties of the Office of President shall be performed by the Secretary, until replacements are elected by the Board.
- C. The Board of Directors shall elect replacements for all other vacancies.

ARTICLE VI - STAFF

APPLICATION FOR STAFF POSITION: A member of the Board of Directors or Advisory Committee shall not apply to serve as a staff member of the corporation prior to resigning from the Board of Directors or Advisory Committee.

Section I CHIEF EXECUTIVE OFFICER: The Chief Executive Officer of the Anne Arundel County Community Action Agency, Inc. shall be appointed by the Board of Directors and shall be responsible for the development of a community action program for the administration of programs developed and administered by the Committee.

The Chief Executive Officer shall keep the Agency's policies and procedures updated with Board approval.

The Chief Executive Officer shall provide the Board with written and oral reports at each Board meeting.

The Chief Executive Officer shall use appropriate procedures to appoint executive staff. All proposed executive staff members must be presented to the Board for review prior to their official notification of selection.

The CEO shall:

1. Be appointed by the Board of Directors and shall serve as the salaried chief executive of the Organization;
2. Be charged with the responsibility of operating, managing and directing the corporate business, including the employment of individuals to carry out the purposes of the Organization; and
3. Execute bonds, mortgages and other contracts except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Organization.

Section II ADDITIONAL STAFF: The Board of Directors shall authorize the employment of additional staff as needed to develop or administer Community Action programs, contingent upon availability of funds for this purpose.

ARTICLE VII – MEETINGS

Section I MEETINGS: The Board of Directors shall meet at least eight (8) times a year. Directors are expected to make every effort to attend regular meetings of the Board and are required to attend a minimum of 50% of all regularly scheduled Board meetings. Failure to attend a minimum of 50% of regular meetings of the Board of Directors may constitute good cause for removal of the Director pursuant to Article III Section VIII and Section IX of these Bylaws.

Section II NOTICE OF MEETINGS: Written notice stating the place, date and hour of any regular meeting of the Board of Directors shall be delivered personally, electronically, or by mail to each Director with a minimum of ten (10) day notice.

(Open Meetings) All meetings of the Board of Directors shall be open and all voting on any matter shall be open. In such case as is deemed by the Board of Directors to be of such nature as to be sensitive, the Board may go into Executive Session to discuss the matter, but any hearings therein shall be held in public and all votes in the matter shall be held in public.

- A. Annual meeting of the Corporation shall be the May meeting or as soon as practicable thereafter, at which time Officers shall be elected and the transition from old to new administration shall be made. New officers shall begin their term in July of the election year.
- B. Regular meetings of the Board of Directors shall be held as determined by the Board. Meetings shall be held at times and in places most convenient to all members of the Board, particularly to those members who represent the areas to be served. Public notice of the meeting dates, times, locations, and meeting agendas shall be posted to the Agency's website at least 24 hours before the time of meetings. Advance written notice shall be sent to all members at least five (5) days prior to the date of the meeting in either the form of electronic mail (e-mail) or first-class mail through the U.S. Postal Service. Board members will provide, along with their mailing addresses, an address for electronic mail, if available. Notification by electronic mail shall require confirmation of receipt, but the notice sent by first-class mail through the U.S. Postal Service shall not. The attendance of a Director at a meeting shall constitute a waiver of notice. Electronic attendance (via telephone conference call, internet or other means) of a Director shall be equivalent to attendance in person. In the event that a quorum is not present at a regularly scheduled Board meeting, but a quorum of the Executive Committee is present, the regular meeting shall be substituted by an Executive Committee meeting. A quorum of the Executive Committee shall be one third (1/3) of the total number of committee members.
- C. Special meetings of the Board of Directors may be called at the discretion of the President and shall be called by the President upon request of three members of the Board. Each member shall be notified of the time, place and purpose of the meeting. Special meetings of the Board of Directors may be held at any time upon twenty-four (24) hour notice, oral or written, by the President, Secretary, Treasurer, or by three other members of the Board of Directors.
- D. Electronic Meetings of the Board of Directors or any committee designated by the Board may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment by which all persons participating in the meeting can communicate with each other. Participation in a meeting pursuant to this section shall constitute presence at such meeting.

Section III QUORUM AND VOTING: A quorum constitutes of a Fifty percent (50%) majority of the Board of Directors present (nonvacant seats). A quorum of the Board of Directors must be present to conduct business. The minutes of each meeting shall note how many seats are vacant at the time of each meeting in order to establish the exact number for the quorum to be met.

Each Director shall have one vote. Directors may vote only in person. The power to take any action that requires approval of the Board by law. There shall be no proxy voting.

Section IV MINUTES: Copies of the minutes of all Board meetings shall be provided to each member of the Board five (5) days prior to the next scheduled meeting, along with other pertinent documents to afford the Board an opportunity to review the same before meetings.

ARTICLE VIII – COMMITTEES

Section I COMMITTEE FORMATION: The Board may create committees as needed. The President appoints all committee chairs from the membership of the Board. Limited term task forces may be appointed by the President at any time with approval by the Executive Committee; standing and longer-term committees shall be created with the affirmation of majority vote of the Board.

The Board of Directors, by resolution adopted by a majority of the full Board of Directors, may designate from among its members one or more committees. Committees may be formed on an ad-hoc basis or may be a standing committee as provided for in the resolution. The Board Chair shall select and appoint the members and the Chair of all committees, unless otherwise specified herein. The Board Chair shall serve as an ex officio member of all committees. The Board Chair may appoint to committees persons who are not Directors of the Corporation. All committees created by the Board of Directors shall be chaired by a Director.

Section II APPOINT COMMITTEES: The Board of Directors, by resolution or resolutions adopted by a majority of the full Board may, from time to time, appoint such committees from among its members for such particular purposes as may be deemed necessary or desirable to enhance or assist the Board of Directors in carrying out its duties, and to help further the purposes of the corporation. Any committee so appointed shall have powers and authority as are explicitly delegated by the Board of Directors, subject in all cases to the limitations enumerated herein with respect to the Executive Committee. Directors may participate in a meeting of the Board of Directors or a committee thereof by means of a conference telephone or similar communications equipment that enables all persons participating in the meeting can speak to and hear each other at the same time, and participation by such means shall constitute presence in person at a meeting. The Anne Arundel County Community Action Agency, Inc. may act on items other than those mentioned above by obtaining the committee members' consent in writing, by signing a document which sets forth the action so taken. The document shall require the signatures of all members of the committee.

All committees shall consist of at least three Board members and shall be representative of the Board, representing each category of Board membership. Every committee shall report all actions taken by that respective committee on behalf of the corporation to the Board of Directors at the regular meetings of the Board and such actions to be of legal effect must be ratified by the Board.

Each committee shall exercise the authority of the Board of Directors to the extent authorized by the Board of Directors. However, a committee may not by itself:

1. Approve action that requires full Board approval;
2. Fill vacancies on the Board of Directors or any of its committees;
3. Amend the Articles of Incorporation;
4. Adopt, amend or repeal the Bylaws;

5. Approve a plan of merger, consolidation or dissolution; or
6. Employ or discharge anyone from employment with the Corporation.
7. Other than the executive committee if so charged, committees may not enter into any agreement, contract or obligation on behalf of the organization.
8. Other than the executive committee if so charged, committees and their members shall not portray themselves as representing the organization as a whole publicly.

Section III BOARD STANDING COMMITTEES:

The Board of Directors, by resolution or resolutions adopted by a majority of the full Board may, from time to time, appoint such committees from among its members for such particular purposes as may be deemed necessary or desirable to enhance or assist the Board of Directors in carrying out its duties, and to help further the purposes of the corporation. Any committee so appointed shall have powers and authority as are explicitly delegated by the Board of Directors, subject in all cases to the limitations enumerated herein with respect to the Executive Committee. Directors may participate in a meeting of the Board of Directors or a committee thereof by means of a conference telephone or similar communications equipment that enables all persons participating in the meeting can speak to and hear each other at the same time, and participation by such means shall constitute presence in person at a meeting. The Anne Arundel County Community Action Agency, Inc. may take an action on items other than those mentioned above by obtaining the committee members' consent in writing, by signing a document which sets forth the action so taken. The document shall require the signatures of all members of the committee.

- A. Executive Committee are Board officers that serve as the members of the Executive Committee. The Executive Committee shall be comprised of the President, the Vice President, the Secretary, the Treasurer, and one (1) member of the Board elected at large each year by the Board of Directors. When the Board of Directors is not in session, the Executive Committee shall possess and exercise all powers of the Board of Directors in the management of the business and affairs of the Corporation that lawfully may be exercised by the Executive Committee, except as specified in Section I. The Executive Committee shall provide reasonable notice under the circumstances to the full Board of Directors of action taken by the Committee between meetings. The Executive Committee shall then provide a complete report on such action at the next meeting of the Board, and may elect to do so in executive session. Care will be taken to ensure that only those issues necessitating discussion/action prior to the next board meeting be addressed.

Except for the power to amend the Articles of Incorporation and Bylaws, the Executive Committee shall have all the powers and authority of the board of directors in the intervals between meetings of the board of directors, and is subject to the direction and control of the full board. The uncompensated members of the Executive Committee shall be responsible for conducting the performance review of the CEO.

The following committees may be appointed by the President and each appointment approved or rejected by vote by the Directors:

The Executive Committee shall consist of the Officers and four non-Officers, to include the immediate past president, as long as their Board term has not yet expired, necessary to

assure a reflection of the composition of the full Board in terms of representation of public officials, the poor, and the private sector. Fifty one percent (51%) of the non-vacant seats on the Executive Committee constitutes a quorum. The Executive Committee shall have and may exercise all the authority of the Board of Directors, but no such committee shall exercise the authority of the Board of Directors with respect to the election of officers or directors of the corporation, the adoption, repeal, or amendment of these Bylaws, the adoption of a plan for merger or consolidation or dissolution of the corporation, removal of the Chief Executive Officer, or the sale, lease exchange, pledge or other disposition of a substantial part of the property or assets of the corporation other than in the usual and regular course of its business.

The Executive Committee shall implement the Procedure for the Appointment of an Acting Chief Executive Officer in the Event of an Absence of the Chief Executive Officer as adopted by the Board of Directors on December 20, 2017 in the “Leadership Development and Succession Planning Framework”.

- B. Bylaws – Responsible for reviewing and amending the Bylaws as the organization evolves.
- C. Development - The Committee is responsible for the development and implementation of fund raising strategies for the Agency in collaboration with staff. Duties include identifying and recommending to the Board fund-raising activities; developing and conducting in collaboration with staff, marketing strategies for fund raising events; soliciting support and assisting staff in the interpreting of the work of the Agency to the community.
- D. Finance – The Finance Committee shall be responsible for oversight of the financial operations of the Corporation. While serving on the Finance Committee, a member of the Committee shall not: 1) accept any consulting fee, advisory fee, or other compensation or benefits from the Corporation; or 2) have participated in any other transactions with the Corporation in which he or she has a financial interest within the previous year.

The treasurer should have internet access to bank statements and review all financial activity on a monthly basis or more often if needed.

The Committee shall undertake the following responsibilities:

1. Review, discuss and recommend changes to the proposed annual Corporation budget and submit for approval to the Board of Directors;
2. Review, discuss and present the financial statements to the Board of the Corporation for approval, at least quarterly;
3. Oversee the agency audit if required, including appointing the auditor and receiving the auditor’s report directly. The Committee shall recommend and review policy and procedures for: (a) the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal

- accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting, auditing or other financial matters. A separate committee or a subcommittee of the Finance Committee may be appointed to oversee the audit.
4. Periodically, review and discuss the quality, quantity, substance and dissemination of financial information provided to the Board of Directors and the Committee, recommending improvements as necessary;
 5. Monitor the investments of the Corporation and develop and recommend to the Board changes to the Corporation's investment and endowment policies as appropriate; and
 6. Be responsible for ensuring that the required Administrative Internal Control for the Agency is in place and functioning properly. Duties include reviewing and recommending for Board approval all fiscal and property management policies of the Agency; monitoring all fiscal and property management procedures and reporting to the Board all monitoring activities and observations made; reviewing and being knowledgeable.
 7. The treasurer is the chair of the Finance Committee, which has at minimum 4 members. The Finance Committee is responsible for developing and reviewing fiscal procedures and annual budget with staff and other board members. The board must approve the budget and all expenditures must be within budget. Any major change in the budget must be approved by the board or the Executive Committee.
 8. Audit Task Force: The Finance Committee on an annual basis shall appoint an audit task force who shall monitor the audit process. The task force shall be chaired by a member of the board that does not serve on the Finance Committee and shall have at minimum two members from the Finance Committee represented.
- E. Personnel – Responsible for ensuring that the organization has adequate personnel policies established by the Board and procedures for staff to implement such policies. Duties include reviewing all personnel policies and procedures and monitoring implementation by staff; receiving and recommending for approval by full Board all proposed policies and changes to such policies; interviewing and recommending for approval by the Board all Executive Staff and Program Directors, pursuant to Article VIII, Section II E of the Bylaws; evaluating the personnel management of the Agency; and establishing, in collaboration with staff, and monitoring an effective Volunteer Program to increase the personnel capacity of the Agency. The Committee meets as needed.
- F. Planning and Program Review – Responsible for ensuring that the Agency has an approved and active strategic planning and evaluation process. Duties include recommending for approval by the Board a strategic planning process; collaborating with staff to ensure that Board's responsibilities for planning and evaluation are fulfilled; ensuring that all programs are consistently monitored by assigned Board Members; ensuring that standards of performance by Agency are maintained; and

reviewing and approving on behalf of the Board all grant applications prior to submission by Staff. The Committee meets as needed.

- G. Membership and Recruitment (Nomination Committee)- Responsible for ensuring that the Board structure and membership are consistently in compliance with the Bylaws and Federal and State rules and regulations. Duties include recruiting and recommending candidates (including organizations to be represented) for Board vacancies; ensuring that all Board vacancies are filled as soon as possible, ideally within the 90-day time frame ensuring that orientation is provided in a timely manner to all new Board members and Board Training provided to all Board Members.

The committee shall be responsible for selecting a slate of directors and officers for consideration by the full board on an annual basis.

- H. Government Advocacy Ad Hoc - Established as needed, as appointed by the President Board of Directors. The Government Ad Hoc Advocacy Committee is responsible for meeting with county and local officials to advocate for the Agency.
- I. Strategic Planning - The committee shall be chaired by the President Elect of the board and consist of not less than four (4) members. The Committee shall monitor the implementation of the strategic plan.
- J. Monitoring and Program Review - The Planning and Program Review Committee is responsible for ensuring that the Agency has an approved and active strategic planning and evaluation process. Duties include recommending for approval by the Board a strategic planning process; collaborating with staff to ensure that Board's responsibilities for planning and evaluation are fulfilled; ensuring that all programs are consistently monitored by assigned Board Members; ensuring that standards of performance by Agency are maintained; and reviewing and approving on behalf of the Board all grant applications prior to submission by Staff.

ARTICLE IX – CONTRACTS, LOANS, CHECKS, AND DEPOSITS

Section I **CONTRACTS:** The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instruments in the name of and on behalf of the corporation and such authority may be general or confined to specific instances.

Section II **LOANS:** No loans shall be contracted on behalf of the corporation and no evidence of indebtedness shall be issued in its name unless authorized by resolution of the Board of Directors. Such authority may be general or confined to specific purposes.

Section III **CHECKS, DRAFTS, ETC.:** All checks, drafts, or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation shall be signed by such officers, agent or agents of the corporation and in such a manner as shall from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the Board of Directors may select.

ARTICLE X – EXECUTION OF DOCUMENTS

Section I DOCUMENTATION, OBLIGATIONS AND DISBURSEMENTS:

Policies regarding documents, obligations and disbursements are set forth in the organization's operations policies which shall be reviewed on an annual basis by the board.

ARTICLE XI – NOMINATIONS AND ELECTIONS

Section I NOMINATION COMMITTEE: A nominating committee of three (3) members, each representing one of three sectors of the Board membership, shall be appointed by the President not later than the March meeting of the Board in an election.

Section II NOMINATING COMMITTEE REPOSr AND NOMINATIONS FROM FLOOR:

The report of the Nominating Committee for Officers shall be sent to all members thirty (30) days before the date of the Annual meeting. Immediately following the presentation of this report at the Annual Meeting, nominations may be made from the floor by any member, provided the consent of the nominee shall have been secured. The newly elected officers are installed at the meeting in July of the election year.

Section III ELECTIONS: The election shall be held at the Annual Meeting by ballot. When there is but one nominee for an office, the Secretary may be instructed to cast the ballot for the nominee. A majority vote of those members present and voting shall constitute an election.

ARTICLE XII – FAIR PRACTICES CERTIFICATION

The Anne Arundel County Community Action Agency, Inc. shall not discriminate on the basis of race, creed, national origin, color, political affiliation, religious beliefs, marital status, sex or age except when sex or age constitutes a bona fide occupational qualification, or handicaps in its employment of personnel, implementation of programs or its operational management. This policy relates directly to hiring, promotion, compensation, job classification, assignment, program services, and all other functions and activities of the corporation affecting either its clients or its employees. Federal regulations addressing themselves to non-discrimination guarantees, including Title VI of the Civil Rights Act of 1964, Title VII of the Equal Employment Opportunities Commission, Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Action of 1973 and all other Federal Regulations shall serve the Agency as a guide. Grievance procedures shall be established in the event of an allegation that this policy has been violated.

ARTICLE XIII – PARLIAMENTARY AUTHORITY

Section I FISCAL YEAR: The designated fiscal year of this corporation shall be January 1st to December 31st.

Section II PARLIAMENTARY AUTHORITY: The most recent edition of *Robert's Rules of Order* shall serve as the Parliamentary Authority for the organization on all cases to which they are applicable and in which they are inconsistent with this Constitution and Bylaws.

ARTICLE XIV – AMENDMENTS

Section I ANNUAL REVIEW: The Board of Directors shall review the Bylaws annually. In order to amend the Bylaws, notice of the proposed amendment shall be delivered personally, electronically or by mail to each member of the Board of Directors at least two weeks prior to the time of the vote on the proposed amendment.

Section II AMENDMENTS: This Constitution and Bylaws may be amended by a two-thirds (2/3) vote to the members present and voting at a meeting of the Board of Directors, provided the amendments were submitted to the membership in writing, a least fourteen (14) days in advance of the meeting.

ARTICLE XV – CONFLICT OF INTEREST

No Officer or employee of a federal funding agency shall serve as a member of a board, council or committee of any agency serving as a grantee, contractor, or delegate agency in connection with a program receiving financial assistance, but this shall not prohibit an Officer or employee from serving on a board, or committee which does not have any authority or powers in connection with a program.

Any possible conflict of interest of any director (or member of the director's immediate family) shall be fully disclosed to the other directors and made a matter of record. When any such possible conflict of interest becomes relevant to any matter requiring Board of Directors or committee action, it shall be called to the attention of the Board or committee and, if any question is raised as to whether a conflict of interest exists, the potentially interested person shall leave the meeting while the matter is discussed and voted upon.

The remaining directors shall decide if a conflict of interest exists, or if no such vote is taken because a conflict of interest clearly exists, the director shall not vote on the matter in which he or she (or a member of his or her immediate family) has a possible conflict of interest, shall not use personal influence to affect the vote and shall leave the room during the final discussion and vote on the matter. However, any director who is excluded from voting because of such possible conflict of interest may answer any pertinent questions of other directors or committee members when the director's knowledge of the matter may assist the board or committee in making its determination.

Any vote approving a transaction that involves a possible conflict of interest should include a determination by the disinterested directors that the transaction is in the best interest of Anne Arundel County Community Action Agency, Inc. and is fair in all respects to the corporation. The minutes of the meeting shall reflect that a disclosure was made and the nature of the disclosure, that the interested director abstained from voting and left the room for the final discussion and vote, and that the interested director abstained from the action taken to determine whether a conflict of interest, if any, existed.

ARTICLE XVI – DISSOLUTION

In the event that the Board should decide to dissolve the corporation, the Board shall proceed in accordance with the requirements of the statutes of Internal Revenue Code, or other funding source regulations.

ARTICLE XVII – ADVISORY BOARDS, AGENTS, AND PROFESSIONAL SERVICES

Section I The Board of Directors may create Advisory Boards for any purpose consistent with corporate goals and may name any persons to such boards without the presence of the appointee. An Advisory Board may not take any action on behalf of the corporation except pursuant to a resolution passed by the Board of Directors which states in detail the nature of the action the Advisory Board is authorized to take.

Section II Persons and firms other than the officers of the corporation may from time to time be engaged or employed to assist the corporation in carrying out its program and purposes.

ARTICLE XVIII– INDEMNIFICATION

Section I GENERAL: Unless expressly prohibited by law, the Corporation shall fully indemnify any person made, or threatened to be made, a party to an action, suit or proceeding (whether civil, criminal, administrative or investigative) by reason of the fact that such person, or such person's testator or in testate, is or was a director, officer, employee or agent of the Corporation or serves or served any other enterprise at the request of the Corporation, against all expenses (including attorneys' fees), judgments, fines and amounts paid or to be paid in settlement incurred in connection with such action, suit or proceeding.

Section II LIMITATION OF LIABILITY: Officers, directors and other persons who perform services for the corporation and who do not receive compensation other than reimbursement of expenses ("volunteers") shall be immune from civil liability. Additionally, persons regularly employed to perform a service for a salary or wage ("employees") shall not be held personally liable in damages for any action or omission in providing services or performing duties on behalf of the corporation in an amount greater than the amount of total compensation (other than reimbursement of expenses) received during the twelve (12) months immediately preceding the act or omission for which liability was imposed. Regardless of the amount of liability insurance maintained, this limitation of liability for volunteers and employees shall not apply when the injury or damage was a result of the volunteer or employee's willful misconduct, crime (unless the volunteer or employee had reasonable cause to believe that the act was lawful), transaction that resulted in an improper personal benefit of money, property or service to the volunteer or employee, or act or omission that was not in good faith and was beyond the scope of authority of the corporation pursuant to this act or the corporate charter. This limitation of liability shall not apply to any licensed professional employee operating in his or her professional capacity. The Corporation is liable only to the extent of the applicable limits of insurance coverage it maintains.

Section III EXONERATION: To the fullest extent permitted by Maryland or federal law, no director or officer of this Corporation shall be personally liable to the Corporation or its members for money damages. Board members shall not be automatically exonerated in the case of intentional misconduct. No amendment of the Articles of Incorporation or repeal of any of its provisions shall limit or eliminate the benefits provided to directors and officers under this provision with respect to

any act or omission which occurred prior to such amendment or repeal.

Section IV INSURANCE: The Board shall evaluate the organization's needs for insurance coverage as appropriate for its activities including but not limited to general liability insurance, and directors' and officers' liability insurance.

Section V CORPORATE RECORDS: The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of the Board of Directors, and all committees, and shall keep at the principal office of the Corporation a record of the names and addresses of the Directors as well as its Articles of Incorporation, current Bylaws, and board approved policies. The corporation shall make available to the public its application to the IRS for tax exempt status, its IRS determination letter, and its most recently filed IRS form 990. All books and records of the Corporation may be inspected by any Director within three (3) business days of written request.

ARTICLE XIX- MISCELLANEOUS

The fiscal year of the Agency shall begin on the first day of July and end on the last day of August of each succeeding year.

BYLAWS APPROVED:

I HEREBY CERTIFY that at a meeting of the Board held on _____, the foregoing Amended and Restated CAA Constitution and Bylaws were adopted and approved by a majority of members present.

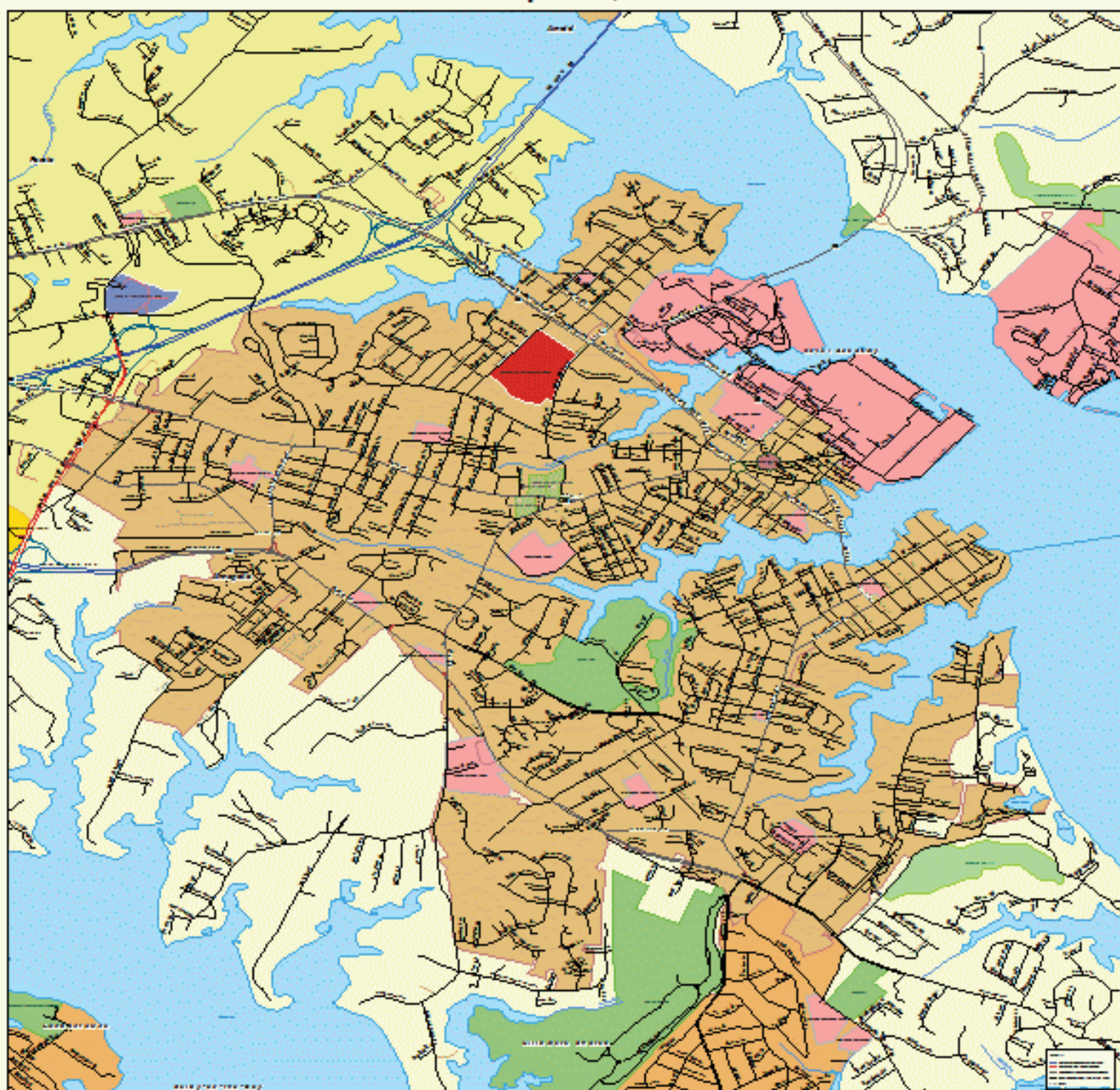
Signature: _____
Secretary, Board of Directors

Dated: ____/____/____
MONTH DAY YEAR

Signature: Renée Fisher
President, Board of Directors

Dated: 10 / 17 / 2019
MONTH DAY YEAR

Annapolis, MD



Source (ESRI, TomTom NA, Tele Atlas NA)



Department ID Number:

D00782763

Business Name:

ANNE ARUNDEL COUNTY COMMUNITY ACTION
AGENCY, INC.

Principal Office:

251 WEST STREET
ANNAPOLIS MD 21401

Resident Agent:

CHARLESTINE R. FAIRLEY, PHD
342 HAMLET CIRCLE
EDGEWATER MD 21037

Status:

REVIVED

Good Standing:

THIS BUSINESS IS IN GOOD STANDING



Helping People, Changing Lives

BOARD OF DIRECTORS 2020

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Financial Manager and Accountant

Robin Fenwick

AACCAA, Inc.-1410-626-1900 x1015

Heather Lalor, CPA (Accountant)

Key Features of AACCAA's Financial and Property Management System

Anne Arundel County Community Action Agency (AACCAA) has implemented a sound financial management system that meets the required Federal standards for financial reporting, accounting records, internal control, budget control, compliance with cost principles, cash management, and administrative costs. Our programs rely not only on the Federal funds, as being requested in this application, to provide services to eligible children and families, but also state/local government, private and individual support as well. The organization's finance department is equipped with qualified and experienced personnel to ensure proper segregation of duties.

AACCAA ensures that all costs – direct, shared, Federal or non-Federal – charged to its programs meet the standards of allowability, allocability, and reasonableness as specified in the Federal cost principles. While all costs for this particular grant are direct, we do have systems in place for those organizational costs that are shared between programs; our allocation methodology is written within the Finance Policies and Procedures manual, and reflects the relative degree of value for each program receiving the benefit of the allocated cost. The organization maintains financial records to support the verification of and adherence to applicable cost principles.

In compliance with 2 CFR Part 200 Subpart F, AACCAA is audited by external, independent auditors on an annual basis, resulting in a report on the organization's financial statements as well as its internal controls over financial reporting and compliance with laws, regulations, contracts and grants. In the most recent audit report, Anne Arundel County Community Action Agency had “no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*” and the auditors “did not identify any deficiencies in internal control over compliance.”

NOTE: AACCAA's complete Finance Policies & Procedures Manual can be provided upon request, as it contains significant detail pertaining to the internal controls in place to maintain effective control and accountability for grant funds, property, and other assets.

**ANNE ARUNDEL COUNTY
COMMUNITY ACTION AGENCY, INC.**

**FINANCIAL STATEMENTS
And Supplemental Information**

JUNE 30, 2019 AND 2018

ANNE ARUNDEL COUNTY
COMMUNITY ACTION AGENCY, INC.

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William White, Sr., CPA

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MEMBER
AMERICAN INSTITUTE OF CPA'S
VIRGINIA SOCIETY OF CPA'S



WILLIAM WHITE, SR.

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors
Anne Arundel County Community
Action Agency, Inc.
Annapolis, Maryland

Report on the Financial Statements

I have audited the accompanying financial statements of Anne Arundel County Community Action Agency, Inc. (AACCAA) (a nonprofit organization) which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

(Continued)

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AACCAA as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior Period Financial Statements Audited by a Predecessor Auditor

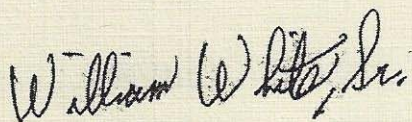
A predecessor auditor audited AACCAA's June 30, 2018 financial statements, and expressed an unmodified audit opinion on the financial statements in their report dated February 1, 2019.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, (pages 18-19), as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated December 16, 2019, on my consideration of AACCAA's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the AACCAA'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 AACCAA's internal control over financial reporting and compliance.



Roanoke, Virginia
December 16, 2019

ANNE ARUNDEL COUNTY COMMUNITY ACTION AGENCY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 635,618	\$ 300,576
Grant Funds Receivable	186,228	412,537
Other Receivables	741	1,846
Prepaid Expenses	<u>18,226</u>	<u>5,743</u>
Total Current Assets	840,813	720,702
Fixed Assets:		
Land	166,627	166,627
Building	230,080	230,080
Building Improvements	769,668	769,668
Leasehold Improvements	43,322	43,322
Equipment	137,780	137,780
Accumulated Depreciation	<u>(678,019)</u>	<u>(639,592)</u>
Net Fixed Assets	669,458	707,885
Total Assets	<u>\$ 1,510,271</u>	<u>\$ 1,428,587</u>
<u>LIABILITIES AND NET ASSETS (DEFICIT)</u>		
Current Liabilities:		
Accounts Payable	\$ 24,775	\$ 37,190
Payroll Withholdings	2,363	1,388
Accrued Expenses	75,581	81,900
Funds Held for Others	-	2,171
Current Portion of Long-Term Debt	36,991	35,712
Refundable Advances	<u>302,694</u>	<u>186,073</u>
Total Current Liabilities	<u>442,404</u>	<u>344,434</u>
Long-Term Debt, Net of Current Portion	<u>1,065,502</u>	<u>1,101,979</u>
Total Liabilities	1,507,906	1,446,413
Net Assets (Deficit):		
Without donor restrictions	<u>2,365</u>	<u>(17,826)</u>
Total Liabilities and Net Assets	<u>\$ 1,510,271</u>	<u>\$ 1,428,587</u>

See independent auditor's report and accompanying notes to financial statements.

ANNE ARUNDEL COUNTY COMMUNITY ACTION AGENCY, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CHANGES IN NET ASSETS:		
PUBLIC SUPPORT AND REVENUE:		
PUBLIC SUPPORT:		
Federal Government Grants	\$ 2,580,141	\$ 2,528,818
State Government Grants	168,340	198,318
County Government Grants	246,373	250,528
City Government Grants	33,000	28,000
Private Grants	<u>29,325</u>	<u>37,322</u>
Total Public Support	3,057,179	3,042,986
OTHER REVENUE:		
Rental Income	8,000	18,000
Interest Income	698	436
Fee For Service	26,308	25,381
In-Kind Revenue	<u>375,199</u>	<u>252,368</u>
Total Other Revenue	410,205	296,185
Total Public Support and Revenue	3,467,384	3,339,171
FUNCTIONAL EXPENSES:		
Program Services:		
Early Head Start	824,215	758,123
Maryland Energy Assistance	1,458,371	1,394,387
Community Services Block Grant	462,036	486,571
Housing	243,988	224,371
Youth Services	<u>138,895</u>	<u>146,789</u>
Total Program Services	3,127,505	3,010,241
Supporting Services:		
Administrative	313,799	281,183
Fundraising	<u>5,889</u>	<u>5,798</u>
Total Functional Expenses	3,447,193	3,297,222
Change in Net Assets	20,191	41,949
Net Deficit without Donor Restrictions, Beginning of Year	<u>(17,826)</u>	<u>(59,775)</u>
Net Assets (Deficit) without Donor Restrictions, End of Year	\$ <u><u>2,365</u></u>	\$ <u><u>(17,826)</u></u>

See independent auditor's report and accompanying notes to financial statements.

ANNE ARUNDEL COUNTY COMMUNITY ACTION AGENCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services					Supporting Services			2019 Total Functional Expenses	
	Early Head Start	Maryland Energy Assistance	Community Services Block Grant	Housing	Youth Services	Total	Administrative	Fundraising		Total
Advertising	\$ 81	\$ 84	\$ 2,624	\$ -	\$ -	\$ 2,789	\$ 122	\$ -	\$ 122	\$ 2,911
Client Assistance	-	891,050	-	124,004	-	1,015,054	-	-	-	1,015,054
Communication	5,207	3,977	11,064	-	215	20,463	7,452	-	7,452	27,915
Conferences, Meetings, and Travel	8,472	574	226	-	62	9,334	1,200	-	1,200	10,534
Depreciation and Amortization	-	2,313	12,363	-	-	14,676	24,886	-	24,886	39,562
Equipment	11,684	10,203	11,802	142	-	33,831	3,375	-	3,375	37,206
Food	13,454	-	-	-	-	13,454	-	-	-	13,454
Fringe Benefits	75,355	73,021	60,627	13,820	10,790	233,613	9,843	-	9,843	243,456
Insurance	5,928	5,877	5,879	369	846	18,899	965	-	965	19,864
Interest	-	2,891	15,450	-	-	18,341	21,737	-	21,737	40,078
Maintenance	837	5,465	14,816	-	1,950	23,068	12,207	-	12,207	35,275
Miscellaneous	415	443	575	107	225	1,765	3,263	1,285	4,548	6,313
Occupancy	51,638	13,607	13,360	6,842	1	85,448	395	4,373	4,768	90,216
Office Supplies	1,196	3,859	6,937	203	311	12,506	2,598	231	2,829	15,335
Personnel	354,690	373,495	168,032	74,020	66,568	1,036,805	70,919	-	70,919	1,107,724
Postage and Shipping	111	8,586	247	-	-	8,944	767	-	767	9,711
Printing	-	6,085	-	-	-	6,085	2,091	-	2,091	8,176
Professional Fees and Contract Services	280,394	48,977	120,749	24,275	54,289	528,684	139,419	-	139,419	668,103
Program Supplies	9,686	2,894	530	-	3,188	16,298	1,346	-	1,346	17,644
Subscriptions and Dues	3,366	3,533	6,889	206	-	13,994	5,740	-	5,740	19,734
Training	1,040	1,437	9,866	-	-	12,343	5,474	-	5,474	17,817
Transportation	661	-	-	-	450	1,111	-	-	-	1,111
Total	\$ 824,215	\$ 1,458,371	\$ 462,036	\$ 243,988	\$ 138,895	\$ 3,127,505	\$ 313,799	\$ 5,889	\$ 319,688	\$ 3,447,193

See independent auditor's report and accompanying notes to financial statements.

ANNE ARUNDEL COUNTY COMMUNITY ACTION AGENCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Early Head Start	Program Services				Supporting Services			2018 Total Functional Expenses
		Maryland Energy Assistance	Community Services Block Grant	Housing	Youth Services	Administrative	Fundraising	Total	
Advertising	\$ -	\$ -	\$ 1,643	\$ -	\$ -	\$ 1,878	\$ -	\$ 1,878	\$ 3,521
Client Assistance	3,000	825,872	-	151,885	-	-	-	-	980,757
Communication	6,084	2,560	10,892	-	2,081	5,369	-	5,369	26,986
Conferences, Meetings, and Travel	7,015	1,934	446	-	982	322	-	322	10,699
Depreciation and Amortization	-	2,266	14,789	5,583	-	16,736	-	16,736	39,374
Equipment	6,219	2,655	12,966	355	2,242	-	-	-	24,437
Food	14,246	-	-	-	-	1,051	-	1,051	15,297
Fringe Benefits	79,095	77,642	62,680	14,175	10,017	33,460	-	33,460	277,069
Insurance	5,865	6,497	3,289	426	878	1,357	-	1,357	18,312
Interest	-	2,939	5,805	7,241	-	25,609	-	25,609	41,594
Maintenance	4,972	3,721	13,316	-	-	6,536	-	6,536	28,545
Miscellaneous	471	735	1,448	4,420	116	3,704	-	3,704	10,894
Occupancy	53,019	10,931	22,354	-	74	-	5,724	5,724	92,102
Office Supplies	1,340	3,441	7,960	19	113	1,912	74	1,986	14,859
Personnel	351,872	401,924	216,252	36,396	65,046	73,876	-	73,876	1,145,366
Postage and Shipping	72	9,624	1,228	-	-	535	-	535	11,459
Printing	3	2,836	1,065	-	2	187	-	187	4,093
Professional Fees and Contract Services	212,235	32,671	95,767	3,658	55,926	100,584	-	100,584	500,841
Program Supplies	8,517	5,006	4,211	205	2,775	737	-	737	21,451
Subscriptions and Dues	676	544	3,717	8	105	4,213	-	4,213	9,263
Training	503	589	6,743	-	6,432	3,117	-	3,117	17,384
Transportation	2,919	-	-	-	-	-	-	-	2,919
Total	\$ 758,123	\$ 1,394,387	\$ 486,571	\$ 224,371	\$ 146,789	\$ 281,183	\$ 5,798	\$ 286,981	\$ 3,297,222

See independent auditor's report and accompanying notes to financial statements.

ANNE ARUNDEL COUNTY COMMUNITY ACTION AGENCY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 20,191	\$ 41,949
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	38,427	39,374
Decrease (Increase) in Grant Fund Receivable	226,309	(78,932)
Decrease in Other Receivables	1,105	89
(Increase) Decrease in Prepaid Expenses	(12,483)	4,260
Decrease in Accounts Payable	(12,415)	(15,135)
Increase in Payroll Withholdings	975	592
(Decrease) Increase in Accrued Liabilities	(6,319)	9,798
Decrease in Funds Held for Others	(2,171)	(751)
Increase in Refundable Advances	<u>116,621</u>	<u>59,488</u>
Net Cash Provided by Operating Activities	370,240	60,732
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	<u>-</u>	<u>(15,080)</u>
Net Cash Used by Investing Activities	-	(15,080)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of Notes Payable	<u>(35,198)</u>	<u>(36,048)</u>
Net Cash Used by Financing Activities	<u>(35,198)</u>	<u>(36,048)</u>
Net Increase in Cash	335,042	9,604
Cash at Beginning of Year	<u>300,576</u>	<u>290,972</u>
Cash at End of Year	\$ <u><u>635,618</u></u>	\$ <u><u>300,576</u></u>
Supplemental Cash Flow Information:		
Cash payments for interest	\$ <u><u>40,078</u></u>	\$ <u><u>41,594</u></u>

See independent auditor's report and accompanying notes to financial statements.

ANNE ARUNDEL COUNTY COMMUNITY ACTION AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 1 – DESCRIPTION OF THE AGENCY

Anne Arundel County Community Action Agency, Inc. (the Agency) is a non-profit corporation organized as a sponsor and administrator of various programs for the financially underprivileged residents of Anne Arundel County, Maryland. These programs are funded with monies from the Federal, State of Maryland, Anne Arundel County, and City of Annapolis governments, as well as other contributors. Program activities of the Agency include:

- Early Head Start – offers child care and curriculum for low-income expectant mothers and families with children from birth to three years.
- Maryland Energy Assistance – offers assistance for low-income citizens toward lowering the cost of heat and electricity.
- Community Services – provides economic development assistance and empowers families to move out of poverty towards self-sufficiency.
- Housing – provides case management services to prevent evictions, foreclosures and homelessness.
- Youth Services – offers comprehensive counseling for youth ages five to eighteen and their families in the form of early intervention, diversion and prevention.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (a) Basis of Accounting – the financial statements of the Agency have been presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, and accordingly reflect all significant receivables, payables and other assets and liabilities.
- (b) Grants and Contracts – support received under contracts with the United States Government, the State of Maryland and others is recorded as public support as the Agency fulfills its obligations under the contracts.

Grant funds spent but not yet received are recorded as a grant funds receivable. All grant funds receivable are considered fully collectible at June 30, 2019 and 2018. Amounts received but not yet spent are

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ANNE ARUNDEL COUNTY COMMUNITY ACTION AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

reported as grant funds unapplied. Any unspent funds at the end of a grant period are returned to the granting agency.

- (c) Financial Statement Presentation – The Agency follows the Not-For-Profit Entities Presentation of Financial Statements Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) which requires it to report information regarding its financial positions and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. A description of two net asset categories are as follows:
- Without Donor Restrictions – Net assets that are not restricted by donor imposed restrictions
 - With Donor Restrictions – Net assets which carry donor imposed stipulations that they be maintained permanently by the Agency or stipulations met either by actions of the Agency and/or by the passage of time.
- (d) Use of Estimates – the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- (e) Revenue Recognition – contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

ANNE ARUNDEL COUNTY COMMUNITY ACTION AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

- (f) Cash and Equivalents – for purposes of the statements of cash flows, the Agency considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.
- (g) Cash Restrictions – the Maryland Energy Assistance Program requires that a separate bank account be maintained for the program. The cash balance at June 30, 2019 and 2018 amounted to \$0 and \$20, respectively.
- (h) Fixed Assets – property and equipment are capitalized at cost if purchased or fair market value at the time of donation (if donated) and are depreciated over their estimated useful lives using the straight-line method. The Agency considers property and equipment to be items with a cost of \$5,000 or more and a useful life of over one year.

Property and equipment purchased with grant funds are owned by the Agency while used in the program for which they were purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the property and equipment purchased with grant funds. Its disposition, as well as the ownership of any proceeds there from, is subject to funding source regulations.

The estimated lives of the equipment range from 5 to 15 years. Buildings are being depreciated over 40 years. Depreciation expense for the years ended June 30, 2019 and 2018 was \$38,427 and \$38,238, respectively.

- (i) Debt Issuance Costs – Debt issuance costs incurred in connection with the issuance of long-term debt are capitalized and amortized to interest expense over the term of the debt using the straight-line method, which approximates the effective interest method. The unamortized amount is presented as a reduction of debt on the balance sheet.

ANNE ARUNDEL COUNTY COMMUNITY ACTION AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (j) Advertising – all advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2019 and 2018 was \$2,911 and \$3,521, respectively.

NOTE 3 – INCOME TAXES

The Agency is recognized by the Internal Revenue Service as a non-profit organization under Section 501(c)(3) of the Internal Revenue Code as other than a private foundation. Therefore, contributions to the Agency are tax deductible under Section 170 of the Internal Revenue Code.

The Agency follows the guidance of the Financial Accounting Standards Board Accounting Standards Codification (ASC) 740-10, *Accounting for Uncertainty of Income Taxes*, which clarifies the accounting for the recognition and measurement of the benefits of individual tax position in the financial statements, including those non-profit organizations. Tax positions must meet a recognition threshold of more-likely-than-not in order for the benefit of those tax positions to be recognized in the financial statements.

The Agency analyzes tax positions taken, including those related to the requirements set forth in IRC Sec. 501(c) to qualify as a tax exempt organization, activities performed by volunteers and board members, the reporting of unrelated business income, and its status as a tax-exempt organization under Maryland statute. The Agency does not know of any tax benefits arising from uncertain tax positions and there was no effect on the Agency's financial position or changes in net assets as a result of analyzing its tax position.

Prior year income tax returns may be subject to audit in various tax jurisdictions, most of which define open tax years as three years from the later of the due date or the date the return is filed. The Agency recorded no liability for uncertain income tax positions for any open tax years.

NOTE 4 – CONCENTRATION

The Agency receives a substantial amount of its support from the Federal government and the State of Maryland. A significant reduction in the level of this support, if it were to occur, may have an effect on the Agency's operations.

ANNE ARUNDEL COUNTY COMMUNITY ACTION AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 5 - CASH CONCENTRATION

The Agency occasionally maintains deposits in excess of federally insured limits. Accounting Standards Codification ("ASC") 825, *Financial Instruments*, formerly known as Statement of Financial Accounting Standards ("SFAS") No. 107, identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of the risk. The risk is managed by monitoring the financial institutions in which deposits are made.

NOTE 6 - GRANT FUNDS RECEIVABLE/REFUNDABLE ADVANCES

The following schedule summarizes the grant funds receivable at June 30:

	<u>2019</u>	<u>2018</u>
Federal	118,910	337,901
Other Sources	<u>67,318</u>	<u>74,636</u>
Total Grants Receivable	<u>186,228</u>	<u>412,537</u>

The following schedule summarizes the refundable advances at June 30:

	<u>2019</u>	<u>2018</u>
Federal	127,057	19,280
Other Sources	<u>175,637</u>	<u>166,793</u>
Total Refundable Advances	<u>302,694</u>	<u>186,073</u>

NOTE 7 - COST ALLOCATION OF FUNCTIONAL EXPENSES

The Agency allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with specific programs or support services are allocated directly according to their natural expenditure classification. Joint costs are allocated based on various identifiable bases (e.g. allowable occupancy costs are allocated based on the percentage of space occupied).

NOTE 8 - PENSION PLAN

The Agency participates in two different pension plans: the State Retirement Pension System of Maryland (System) and a 403(b) plan through Mutual of America (Mutual).

ANNE ARUNDEL COUNTY COMMUNITY ACTION AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 8 - PENSION PLAN (CONTINUED)

The System is a multiple-employer public retirement system established to provide pension benefits for State and other entities within the State. The System is a defined benefit plan that covers all permanent full-time employees who elected to remain in the System after the Agency converted to Mutual in 2012. Contributions to the plan are based on a percentage of total payroll. The Agency will continue to contribute to the System on behalf of its participants until those employees retire and/or leave the Agency.

Mutual is a 403(b) plan that covers employees who elected to transfer from the System in 2012 and new hires since that date. With Mutual, the Agency contributes a base amount of 1% of participants' gross wages, as well as an additional 2% match where applicable.

Total pension expense for the years ended June 30, 2019 and 2018 was \$59,632 and \$63,480 respectively.

NOTE 9 - NOTES PAYABLE

The Agency's long-term debt is summarized as follows:

	<u>2019</u>	<u>2018</u>
Mortgage loan, collateralized by real estate at 251 West street due in monthly installments of \$5,141.48 including interest at 4.500% through August 2023. (Less amortized debt issuance costs)	\$ 790,606	814,269
Renovation loan to Arundel Community Development Services, Inc., collateralized by real estate at 251 West Street, due in monthly installments of \$1,226 beginning June 1, 2003 through June 1, 2043. The interest rate is one percent.	<u>311,887</u>	<u>323,422</u>
Long-Term Debt	1,102,493	1,137,691
Less: Current Portion	<u>(36,991)</u>	<u>(35,712)</u>
Net Long-Term Debt	\$ <u>1,065,502</u>	\$ <u>1,101,979</u>

ANNE ARUNDEL COUNTY COMMUNITY ACTION AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 9 - NOTES PAYABLE (CONTINUED)

Future principal payments on the debt are as follows:

Years Ending <u>June 30,</u>	
2020	\$ 36,991
2021	39,461
2022	40,852
2023	42,302
2024	693,789
Thereafter	<u>249,098</u>
Total	\$ <u>1,102,493</u>

NOTE 10 - LINE OF CREDIT

The organization has a \$200,000 Line of Credit with Severn Savings Bank in Annapolis. Interest is payable at prime plus 1%, with a floor of 5%. There have been no recent draws from the Line of Credit.

The outstanding debt balance on the Line of Credit for the years ended June 30, 2019 and 2018 was \$0 and \$0, respectively.

NOTE 11 - LEASE COMMITMENTS

The Agency leases various office, classroom and warehouse space and office equipment under operating leases expiring through 2022. The related future minimum lease payments are as follows:

Years Ending <u>June 30,</u>	
2020	\$ 43,650
2021	35,425
2022	7,388
2023	0
2024	0
Thereafter	<u>0</u>
Total	\$ <u>86,463</u>

ANNE ARUNDEL COUNTY COMMUNITY ACTION AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 11 – LEASE COMMITMENTS (CONTINUED)

Total rent expense for the years ended June 30, 2019 and 2018 was \$47,341 and \$50,230, respectively, while equipment lease expense was \$11,627 and \$9,003, respectively.

NOTE 12 – RENTAL INCOME

The Agency entered into a lease agreement in November of 2016 to sublease space to an organization with a monthly rental payment of \$2,000. The sublease ended October 2018. The rental income for the years ended June 30, 2019 and 2018 amounted to \$8,000 and \$18,000, respectively.

NOTE 13 – IN-KIND CONTRIBUTIONS

As of June 30, 2019 and 2018, the Agency has recorded \$375,199 and \$252,368, respectively, of the in-kind contributions for services and donated goods received. These goods and services would otherwise have been purchased by the Agency.

During the years ended June 30, 2019 and 2018, the Agency received donated use of facility, consulting services and supplies as follows:

	<u>2019</u>	<u>2018</u>
Program Service Expenses		
Use of Facility	\$ 195,839	\$ 124,932
Contracts	0	0
Supplier/Service	<u>179,360</u>	<u>127,436</u>
Total	\$ <u>375,199</u>	\$ <u>252,368</u>

Contribution of services shall only be recognized if the services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Agency's volunteer services do not meet these requirements and, thus, are not reflected on the financial statements. The value of unrecognized services is \$45,141 and \$59,988 for the years ended June 30, 2019 and 2018, respectively.

NOTE 14 – NET ASSETS

Professional standards currently prohibits the organization to record its building at fair market value; instead, the asset is recorded at historical cost. Based on an

ANNE ARUNDEL COUNTY COMMUNITY ACTION AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 14 – NET ASSETS (CONTINUED)

independent appraisal dated March 2013, the Agency's equity in the building at June 30, 2019 is approximately \$453,625, which would result in a Net Asset balance of \$455,990 if the Agency were able to record the building at fair market value.

NOTE 15 – COMPLIANCE WITH GRANTOR RESTRICTIONS

Financial assistance from Federal, State, and Local governmental entities in the form of grants is subject to special audit. Such audits could result in claims against the Agency for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

NOTE 16 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Agency's financial assets available for general expenditure as of the statement of financial position date:

	<u>2019</u>	<u>2018</u>
Financial Assets Available Within One Year		
Cash	\$ 635,618	\$ 300,576
Grant Funds and Other Receivables	<u>186,969</u>	<u>414,383</u>
Total	\$ <u>822,587</u>	\$ <u>714,959</u>

As part of its liquidity management plan, the Agency maintains a Line of Credit as disclosed in Note 10 to assist with the timing of grants receivable when needed. In addition the Agency maintains a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 17 – ACCOUNTING PRONOUNCEMENT ADOPTED

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profits Entities (Topic 958) – Presentation of Financial Statements of Not-For-Profit Entities*. The Agency has adopted the presentation of its financial statements accordingly, and applied the changes retrospectively to the comparative period statements. The new standards changed the following aspects of the Agency's financial statements:

- The unrestricted net assets class has been renamed "net assets without donor restrictions."

ANNE ARUNDEL COUNTY COMMUNITY ACTION AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 17 – ACCOUNTING PRONOUNCEMENT ADOPTED (CONTINUED)

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called “net assets with donor restrictions.”

The financial statements include a new disclosure about the liquidity and availability of resources (Note 16).

NOTE 18 – SUBSEQUENT EVENTS

The Agency evaluated subsequent events through the date that the financial statements were available to be issued. The Agency is not aware of any significant events that occurred subsequent to the statements of financial position date and prior to December 16, 2019 that would have a material impact on the financial statements.

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REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

ANNE ARUNDEL COUNTY COMMUNITY ACTION AGENCY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

<u>Federal Grantor Pass Through Grantor/Program Title or Cluster</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number/Description</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services:			
<u>Head Start Cluster:</u>			
Passed-Through Maryland Family Network:			
Early Head Start	93.600	Early Head Start	464,592
Early Head Start Child Care Partnership	93.600	Early Head Start Child Care Partnership	103,389
Early Head Start Program Noncash Assistance	93.600	Early Head Start	236,302
Subtotal Pass-Through MFN			804,283
Total CFDA 93.600			804,283
Total Head Start Cluster			804,283
<u>CSBG Cluster:</u>			
Passed-Through Maryland State Department of Housing and Community Development:			
Community Services Block Grant	93.569	Community Services Block Grant	462,036
Community Services Block Grant	93.569	Community Services Block Grant Discretionary	37,500
Subtotal Pass-Through DHCD			499,536
Total CFDA 93.569			499,536
Total CSBG Cluster			499,536
Passed-Through Maryland State Department of Human Resources:			
Low-Income Home Energy Assistance	93.568	Maryland Energy Assistance	1,440,857
Passed-Through ValueOptions Medical Assistance Program	93.778	Youth Services Counseling	3,954
Total US. Department of Health and Human Services			2,748,630
U.S. Department of Housing and Urban Development:			
<u>CDBG - Entitlement Grants Cluster</u>			
Passed-Through Arundel Community Development Services, Inc.:			
Housing Counseling	14.218	CDBG Housing Counseling	4,000
Emergency Housing Assistance	14.218	CDBG Housing Assistance	39,300
Subtotal Pass-Through ACDS			43,300
Total CFDA 14.218			43,300
Total CDBG - Entitlement Grants Cluster			43,300
Total US. Department of Housing and Urban Development			43,300
U.S. Department of the Treasury:			
Passed-Through Neighborworks America:			
National Foreclosure Mitigation Counseling	21.000	National Foreclosure Mitigation Counseling	12,000
Total US. Department of the Treasury			12,000

See accompanying notes to schedule of expenditures of federal awards.

ANNE ARUNDEL COUNTY COMMUNITY ACTION AGENCY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

<u>Federal Grantor Pass Through Grantor/Program Title or Cluster</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number/Description</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture:			
Passed-Through Maryland State Department of Education: Child and Adult Care Food Program	10.558	Head Start Feeding	12,512
Total US. Department of Agriculture			<u>12,512</u>
Total Federal Expenditures			<u>\$ 2,816,442</u>

See accompanying notes to schedule of expenditures of federal awards.

ANNE ARUNDEL COUNTY COMMUNITY ACTION AGENCY, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Anne Arundel County Community Action Agency, Inc. under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Anne Arundel County Community Action Agency, Inc., it is not intended to and does not present the financial position, changes in net assets for cash flows of Anne Arundel County Community Action Agency, Inc.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – INDIRECT COSTS

Anne Arundel County Community Action Agency, Inc. has not elected to utilize the ten percent (10%) de minimis cost rate, as provided under Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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

To the Board of Directors
Anne Arundel County Community
Action Agency, Inc.
Annapolis, Maryland

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States the financial statements of Arundel County Community Action Agency, Inc. (AACCAA) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated December 16, 2019.

Internal Control over Financial Reporting

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

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

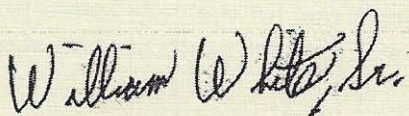
(Continued)

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.



Roanoke, Virginia
December 16, 2019

William White, Sr., CPA

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

To the Board of Directors
Anne Arundel County Community
Action Agency, Inc.
Annapolis, Maryland

Report on Compliance for Each Major Federal Program

I have audited Arundel County Community Action Agency, Inc.'s (AACCAA) (a nonprofit organization) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of AACCAA's major federal programs for the year ended June 30, 2019. AACCAA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of AACCAA's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about AACCAA's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of AACCAA's compliance.

(Continued)

Opinion on Each Major Federal Program

In my opinion, AACCAA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of AACCAA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered AACCAA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of AACCAA's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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.

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

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.



Roanoke, Virginia
December 16, 2019

ANNE ARUNDEL COUNTY COMMUNITY ACTION AGENCY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2019

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of AACCAA were prepared in accordance with GAAP.
2. No significant deficiencies were disclosed during the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. No material weaknesses are reported. See pages 21-22.
3. No instances of noncompliance material to the financial statements of AACCAA, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs disclosed during the audit is reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance. No material weaknesses are reported. See pages 23-24.
5. The auditor's report on compliance for the major federal award programs for AACCAA expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs included:

CFDA Number(s)

Name of Program or Cluster

93.600

Early Head Start

93.569

Community Services Block Grant

8. The threshold used for distinguishing Types A and B programs was \$750,000.
9. AACCAA was determined to be a low-risk auditee.

(Continued)

ANNE ARUNDEL COUNTY COMMUNITY ACTION AGENCY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2019

FINDINGS-FINANCIAL STATEMENT AUDIT

None Noted

FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT

None Noted

ANNE ARUNDEL COUNTY COMMUNITY ACTION AGENCY, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2019

There were no prior year findings for federal awards.