EMPOWERMENT OPPORTUNITY CENTER

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

For the Year Ended February 28, 2022

(with Prior Year Summarized Comparative Information)

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EMPOWERMENT OPPORTUNITY CENTER
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Empowerment Opportunity Center
Decatur, Illinois

Opinion

We have audited the accompanying financial statements of Decatur-Macon County Opportunities Corporation d/b/a Empowerment Opportunity Center (Center), which comprise the statement of financial position as of February 28, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of February 28, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Empowerment Opportunity Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Empowerment Opportunity Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Report on Summarized Comparative Information

We have previously audited the Center's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 15, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended February 28, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2022, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center'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 the Center's internal control over financial reporting and compliance.

Sikich LLP

Springfield, Illinois
June 15, 2022

FINANCIAL STATEMENTS

EMPOWERMENT OPPORTUNITY CENTER

STATEMENT OF FINANCIAL POSITION
FEBRUARY 28, 2022

(with summarized financial information for February 28, 2021)

ASSETS

	2022	2021
ASSETS		
Cash and cash equivalents	$ 441,179	$ 504,251
Due from granting agencies	477,752	370,302
Investments	8,765	7,121
Cash - restricted for Buffett Foundation	-	169,427
Building held for sale	96,184	96,184
Investments - restricted	2,997,972	2,905,602
Property and equipment, net	17,287,143	17,533,987
TOTAL ASSETS	$ 21,308,995	$ 21,586,874

LIABILITIES AND NET ASSETS

	2022	2021
LIABILITIES		
Obligations payable	$ 238,506	$ 132,329
Accrued payroll	107,246	79,842
Refundable grant advances	17,186,676	17,235,969
Accrued leave liability	227,494	246,904
Cash held for Buffett Foundation	-	169,427
Due to granting agencies	4,127	-
Total liabilities	17,764,049	17,864,471
NET ASSETS		
Without donor restrictions	400,923	729,851
With donor restrictions	3,144,023	2,992,552
Total net assets	3,544,946	3,722,403
TOTAL LIABILITIES AND NET ASSETS	$ 21,308,995	$ 21,586,874

The accompanying notes to the financial statements are an integral part of this statement.

EMPOWERMENT OPPORTUNITY CENTER

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED FEBRUARY 28, 2022

(with summarized financial information for the year ended February 28, 2021)

	Without Donor Restriction	With Donor Restriction	2022 Total	2021 Total
REVENUE				
Federal grant revenue	$ 6,042,739	$ -	$ 6,042,739	$ 4,030,505
State grant revenue	455,946	-	455,946	422,045
Other grant revenue	305,289	-	305,289	23,102
Contributions - program income	1,201	-	1,201	5,559
Investment income, net	34,867	92,370	127,237	216,357
Contributions	28,275	75,000	103,275	72,760
In-kind contributions	37,965	-	37,965	162,145
Other income	2,630	-	2,630	10,454
Loss on disposal of property and equipment	-	-	-	(148,922)
Net assets released from restrictions -				
Satisfaction of program restrictions	15,899	(15,899)	-	-
Total revenue	6,924,811	151,471	7,076,282	4,794,005
EXPENSES				
Head Start program	2,394,291	-	2,394,291	2,075,197
Energy programs	3,461,255	-	3,461,255	2,047,900
Senior programs	168,329	-	168,329	20,095
CSBG programs	329,777	-	329,777	474,627
Child Care Food program	119,291	-	119,291	71,703
Homeless Services	76,498	-	76,498	102,375
United Way	26,219	-	26,219	-
Total program services	6,575,660	-	6,575,660	4,791,897
Management and general	678,079	-	678,079	430,421
Total expenses	7,253,739	-	7,253,739	5,222,318
CHANGE IN NET ASSETS	(328,928)	151,471	(177,457)	(428,313)
NET ASSETS - BEGINNING	729,851	2,992,552	3,722,403	4,150,716
NET ASSETS - ENDING	$ 400,923	$ 3,144,023	$ 3,544,946	$ 3,722,403

The accompanying notes to the financial statements are an integral part of this statement.

EMPOWERMENT OPPORTUNITY CENTER

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED FEBRUARY 28, 2022

(with summarized financial information for the year ended February 28, 2021)

	Program Services				
	Head Start Program	**Energy Programs**	**Senior Programs**	**CSBG Programs**	**Child Care Food Program**
EXPENSES:					
Salaries and fringes	$ 1,515,064	$ 293,094	$ 90,073	$ 125,498	$ 765
Contractual services	117,184	63,247	1,095	24,968	-
Direct client assistance	60,562	3,071,878	25,127	125,579	111,365
Insurance	53,155	768	3,861	3,896	-
Equipment rental and repairs	15,691	7,433	3,699	533	-
Occupancy	45,861	736	2,550	26,769	-
Postage	154	1,340	74	105	-
Advertising	1,650	219	125	640	-
Telephone	13,266	700	81	5,346	-
Supplies	88,272	8,149	5,570	2,529	7,161
Printing	1,680	312	-	302	-
Minor equipment	23,302	549	33	263	-
Travel	-	-	-	41	-
Training and conferences	2,718	504	-	2,506	-
Dues and subscriptions	3,721	-	-	2,055	-
Depreciation	447,967	12,326	36,041	8,699	-
Other costs	4,044	-	-	48	-
Total Expenses	$ 2,394,291	$ 3,461,255	$ 168,329	$ 329,777	$ 119,291

The accompanying notes to the financial statements are an integral part of this statement.

EMPOWERMENT OPPORTUNITY CENTER

STATEMENT OF FUNCTIONAL EXPENSES (Continued)
FOR THE YEAR ENDED FEBRUARY 28, 2022

(with summarized financial information for the year ended February 28, 2021)

	Program Services			Support Services		
	Homeless Services	Other	Total Program Services	Management and General	2022 Total	2021 Total
EXPENSES:						
Salaries and fringes	$ 36,848	$ -	$ 2,061,342	$ 433,073	$ 2,494,415	$ 2,046,141
Contractual services	-	16,469	222,963	37,360	260,323	266,793
Direct client assistance	26,007	9,750	3,430,268	-	3,430,268	2,020,450
Insurance	-	-	61,680	27,876	89,556	60,515
Equipment rental and repairs	-	-	27,356	14,914	42,270	36,506
Occupancy	13,643	-	89,559	43,358	132,917	274,218
Postage	-	-	1,673	2,139	3,812	2,174
Advertising	-	-	2,634	541	3,175	1,121
Telephone	-	-	19,393	4,942	24,335	53,289
Supplies	-	-	111,681	13,108	124,789	192,612
Printing	-	-	2,294	230	2,524	1,185
Minor equipment	-	-	24,147	11,562	35,709	45,379
Travel	-	-	41	802	843	524
Training and conferences	-	-	5,728	2,395	8,123	11,950
Dues and subscriptions	-	-	5,776	-	5,776	5,620
Depreciation	-	-	505,033	73,769	578,802	199,121
Other costs	-	-	4,092	12,010	16,102	4,720
Total Expenses	$ 76,498	$ 26,219	$ 6,575,660	$ 678,079	$ 7,253,739	$ 5,222,318

The accompanying notes to the financial statements are an integral part of this statement.

EMPOWERMENT OPPORTUNITY CENTER

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED FEBRUARY 28, 2022

(with summarized financial information for February 28, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (177,457)	($428,313)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Unrealized and realized gain on investments	(127,212)	(131,602)
Depreciation	578,802	199,121
Loss on disposal of property and equipment		148,922
Change in operating assets and liabilities:		
(Increase) decrease in:		
Due from granting agencies	(107,450)	(11,592)
Increase (decrease) in:		
Obligations payable	106,177	(26,975)
Accrued payroll	27,404	(1,415)
Refundable grant advances	(49,293)	17,213,252
Accrued leave liability	(19,410)	(2,428)
Cash held for Buffett Foundation	(169,427)	(11,556,929)
Due to granting agencies	4,127	-
Net cash from operating activities	66,261	$5,402,041
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(843,271)	(973,432)
Sale of investments	876,469	1,485,099
Purchase of property and equipment	(331,958)	(17,493,291)
Net cash from investing activities	(298,760)	(16,981,624)
CHANGE IN CASH AND CASH EQUIVALENTS	(232,499)	(11,579,583)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	673,678	12,253,261
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	$ 441,179	$ 673,678
Cash and cash equivalents	$ 441,179	$ 504,251
Cash - restricted for Buffett Foundation	-	169,427
	$ 441,179	$ 673,678
PPP loan proceeds	-	241,000
PPP loan forgiveness	$ (241,000)	$ -

The accompanying notes to the financial statements are an integral part of this statement.

1. SUMMARY OF OPERATIONS

Empowerment Opportunity Center (Center) is a not-for-profit Community Action Agency which helps low income and senior citizens enhance their dignity and quality of life by providing skills, knowledge, and the power of work through community-based coordinated services. The vision of the Center is a community where everyone works together to empower all people to reach self-sufficiency, eliminate poverty, and help senior citizens live independently with dignity and respect. The Center administers the following programs:

Anna Waters Head Start – This program provides comprehensive early child education services to 3-5-year-old children, along with case management and wrap-around supports for their families.

Energy – The Low Income Home Energy Assistance Program (LIHEAP) provides utility assistance to households in need throughout Macon County. The Weatherization program improves homes to make them safer and more energy efficient, resulting in lower utility costs for families.

Senior Services – This program serves congregate noontime meals and provides transportation options for seniors in need in the community.

Community Services Block Grant (CSBG) – This program helps to alleviate both the causes and effects of poverty. Under this program the Center operates an accessibility program which makes modifications to homes of those with mobility impairments so that they can continue to live independently as long as possible. Under this program the Center also operates a job training and employment readiness program. This program prepares individuals who are unemployed to move ahead in the workforce by paying for training programs and providing supports such as transportation and uniforms.

Child Care Food Program – This program provides nutritious meals and snacks to children enrolled in the Center's Head Start program.

Homeless Services– This program provides both emergency and transitional housing to homeless families and individuals with case management services that are focused on obtaining permanent housing.

Other – This program was funding received from the United Way to provide direct client assistance to individuals to assist with weatherization services for qualifying individuals' homes and to provide meals and other direct client assistance to Head Start children and families.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States in which expenditures are recognized when incurred and revenue is recognized when earned, generally when allowable expenditures are made.

Use of Estimates:

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Cash and Cash Equivalents:

All highly liquid investments with an original maturity of three months or less are considered to be cash equivalents.

Due from Granting Agencies:

Due from granting agencies represents the amount of uncollected billed amounts of allowable funds expended in excess of grant program funds received. Allowance for doubtful accounts are estimated based on historical write offs and collectability. For the year ended February 28, 2022, the Center considered due from granting agencies to be fully collectible and accordingly no allowance for doubtful accounts is required.

Investment Valuation and Income Recognition:

Investments in marketable equity and debt securities and certificates of deposit are reported at their fair values in the Statement of Financial Position. Unrealized and realized gains and losses as well as investment income from dividends and interest are included in the Statement of Activities. Investment income is reported net of external and direct internal investment expenses and is classified as income without donor restrictions unless the use of the income is limited by donor restrictions. If a restriction is fulfilled in the same time period in which the investment income is received, the investment income is reported as net assets without donor restriction.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment:

All property and equipment is recorded at cost. Property and equipment purchased through the various Federal and State programs administered by the Center are expensed when purchased for grant reporting purposes and are capitalized for financial statement reporting purposes. The Center's capitalization threshold is $5,000. Such items acquired under grants from Federal or State sources are considered to be owned by the Center while used in the programs for which they are purchased or in programs authorized in the future. However, the funding source has a reversionary interest in the property and equipment purchased with grant funds. Grantor approval is required to dispose of or transfer property and equipment. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and improvements	10-39 years
Equipment	5-10 years
Vehicles	7 years

Refundable Grant Advances:

Refundable grant advances represent the amount of grant program funds received in excess of expenses incurred and also include advances received before specific program conditions are met.

Basis of Presentation:

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

Net assets without donor restrictions represent resources over which the Board of Directors has discretionary control and are used to carry out the operations of the Center in accordance with its bylaws.

Net assets with donor restrictions represent resources currently available for use, but expendable only for those operating purposes specified by the donor or grantor. These resources originate from gifts, grants, and bequests. Additionally, gains and losses from realized and unrealized changes in the fair value of the investments are reported in the Statement of Activities as increases or decreases in net assets with donor restrictions if there are donor-imposed restrictions that have not yet been met. See Note 7. Donor restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grant Revenue Recognition:

Grant revenue is derived from cost-reimbursable federal, state and other grants, which are conditioned upon certain performance requirements, conditions, and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Center has incurred expenditures in compliance with specific grant provisions or has met specific performance requirements and conditions. Amounts received prior to incurring qualifying expenditures and meeting specific performance requirements and conditions are reported as refundable grant advances on the Statement of Financial Position. The Center received grant funds of $17,186,676 that have not been recognized at February 28, 2022, because qualifying expenditures have not yet been incurred and the specific performance requirements and conditions have not been met. See Note 3 for conditions related to the Buffett Foundation grant.

As of February 28, 2022 the Center had conditional grant awards of $3,769,186. These awards are conditional upon incurring allowable expenditures under the grants. Grant revenue is classified as income without donor restrictions unless the use of the income is limited by donor restrictions. If a restriction is fulfilled in the same time period in which the grant is received, the grant revenue is reported as net assets without donor restriction.

Contributions:

Contributions are recognized when the donor makes a promise to give to the Center, that is, in substance, unconditional. Contributions which are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

In-kind Contributions:

The Center receives donated goods, space, and volunteer services as part of administering various programs. For grant reporting purposes, in-kind contributions are shown both as support and expenditures in these programs and are recorded at the fair market value of the goods or services at the time of donation. However, in the financial statements, amounts included are only those allowable under Financial Accounting Standards Board (FASB) ASC Topic 958. This amount consists of the following:

	Head Start
Contractual services	$ 35,666
Supplies	2,299
Total	$ 37,965

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-kind Contributions (Continued):

Contractual services include professional volunteer time donated by doctors, dentists, nurses, speech therapists and early childhood development specialists.

Numerous volunteers participated in these programs in various capacities. A dollar valuation of their efforts is not included in the financial statements since it does not meet the criteria for recognition. However, these services were considered for in-kind matching requirements established by the funding sources.

Income Taxes:

The Center is a not-for-profit entity and claims exemption from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar provisions of State laws. In addition, the Center qualifies for the charitable contribution deduction and has been classified as an organization that is not a private foundation.

Allocated Costs:

Expenses are allocated on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are charged to the various programs using the following allocation basis:

- Central Office costs such as utilities, maintenance, supplies and services are allocated based on usable square footage of space assigned to each program.
- Telephone costs are allocated based on the number of extensions assigned to each program.
- Administration costs are allocated based on estimates of time and effort.

Prior Year Information:

The financial statements include certain prior-year summarized comparative information in total but not by net asset classes. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended February 28, 2021 from which the summarized information was derived.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future Accounting Pronouncements:

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842),* to increase the transparency and comparability about leases among entities. The new guidance requires lessees to recognize a lease liability and a corresponding lease asset for virtually all lease contracts. It also requires additional disclosures about leasing arrangements. ASU No. 2016-02 as amended by ASU No. 2019-10 and ASU 2020-05 is effective for nonpublic entities for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. ASU No. 2016-02 originally specified a modified retrospective transition method which requires the entity to initially apply the new leases standard at the beginning of the earliest period presented in the financial statements. In July 2018, FASB issued ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*, providing a second, optional transition method which allows the entity to apply the new standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. The Center is currently assessing the impact of this new standard, including the two optional transition methods.

In September 2020, the FASB issued ASU 2020-07 on Topic 958, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This standard requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gift-in-kind. The standard is effective for annual reporting periods beginning after June 15, 2021. The Center is currently assessing the impact of this new standard.

Subsequent Events:

The Center has evaluated subsequent events through June 15, 2022, the date on which these financial statements were available for issuance and determined that there were no additional significant non-recognized subsequent events through that date.

3. BUFFETT FOUNDATION GRANT

On July 24, 2019, the Center entered into an Agreement with the Howard Buffett Foundation (Foundation). The Foundation provided funding for the Center to build a multi-purpose building (Facility) that is part of a Community Care Campus in Decatur Illinois. Following construction of the Facility, the Foundation will transfer ownership and all rights of the Facility to the Center. The Center has agreed to accept ownership of the Facility subject to all conditions and restrictions that will be included in a continuing covenants agreement.

During fiscal year 2020, the Foundation deposited $16,998,150 into a bank account under the name and tax ID number of the Center for purposes of funding the construction of the Facility. The account is held in escrow with a title company.

3. BUFFETT FOUNDATION GRANT (Continued)

Any disbursements made from this account requires approval from a building committee that is independent from the Center as well as the title company. The Center is acting as an agent for this bank account and therefore had recorded the funds as Cash – restricted for Buffett Foundation and a liability titled Cash held for Buffett Foundation on the Statement of Financial Position. The Facility was constructed during fiscal year 2021 and the Center moved in and began operations from the new Facility on December 20, 2021. As of February 28, 2022, all construction related to the building and landscaping had been completed and there was no longer any cash being held by the title company.

The Center is subject to a continuing covenant agreement which included a condition that the Center own, operate and maintain the Facility for a period of 30 years solely to serve its mission. The Center may request a variance from the continuing covenants by submitting such request in writing to the Foundation. The Foundation may approve or deny any request relating to the continuing covenants in the Foundation's sole discretion. If there is any breach of the continuing covenants that occurs during the term of the Center's use of the Facility and the Center fails to correct any breach within 30 days then the Center agrees to and must immediately pay the Foundation the costs of construction paid by the Foundation. As of February 28, 2022, the Center has classified $17,056,120 of Foundation grant funds received as a refundable grant advance due to the continuing covenant conditions.

4. FAIR VALUE MEASUREMENTS

Generally Accepted Accounting Principles (GAAP) establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. GAAP requires the Center to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Significant unobservable inputs.

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

4. FAIR VALUE MEASUREMENTS (Continued)

If an investment that is measured using the net asset value (NAV) has a readily determinable fair value (that is, it can be traded at the measurement date at its published NAV), it is included in Level 1 of the hierarchy. Otherwise, investments measured using NAVs are not included in Level 1, 2, or 3, but are separately reported.

Valuation Techniques

Following is a description of the valuation techniques used for assets measured at fair value on a recurring basis. There have been no changes to the techniques used during the year ended February 28, 2022.

- Domestic equity securities: Valued at the closing quoted price in an active market.
- Mutual funds: Valued at the NAV of shares on the last trading day of the year.
- Publicly traded partnerships: Valued at the closing price reported in the active market in which the partnerships are traded.
- Unit investment trusts: Valued at the NAV of shares on the last trading day of the fiscal year.
- Corporate debt securities and market linked certificates of deposit: The investment grade corporate bonds and market linked certificates of deposit held by the Center generally do not trade in active markets on the measurement date. Therefore, these securities are valued using inputs including yields currently available on comparable securities of issuers with similar credit ratings, recent market price quotations (where observable), bond spreads, and fundamental data relating to the issuer.

Assets measured at fair value on a recurring basis as of February 28, 2022 are as follows:

	Level 1	Level 2	Level 3	Total
Domestic equity securities	$ 577,849	$ -	$ -	$ 577,849
Mutual funds	1,281,402	-	-	1,281,402
Publicly traded partnerships	24,420	-	-	24,420
Unit investment trusts	307,344	-	-	307,344
Corporate debt securities	-	594,016	-	594,016
Market linked certificates of deposit	-	91,740	-	91740
	$ 2,191,015	$ 685,756	$ -	2,876,771
Pooled fund*				8,765
Money market funds**				121,201
Total investments				$ 3,006,737

* Reported at NAV
** Reported at cost

4. FAIR VALUE MEASUREMENTS (Continued)

Investments measured at NAV

The following table represents the category, fair value, redemption frequency, and redemption notice period for investments, the fair values of which are estimated using net asset value per share as of February 28, 2022:

Investment	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Pooled Fund (a)	$ 8,765	$ -	Quarterly	90 days

(a) Pooled Fund investments are valued at contract value, which approximates fair value. Contract value represents contributions made under the contract, plus earnings, less withdrawals and administrative expenses. The pooled fund investment strategy strives to maximize annual return while prudently mitigating risk within a long-term time horizon.

5. PROPERTY AND EQUIPMENT

The components of property and equipment included in the accompanying Statement of Financial Position at February 28, 2022 are as follows:

Cost:	
Building and improvements	$ 17,703,724
Equipment	240,652
Vehicles	830,471
Construction in progress	66,993
Land	9,498
	18,851,338
Less accumulated depreciation	(1,564,195)
Total	$ 17,287,143

6. BUILDING HELD FOR SALE

The Center has classified one of their office buildings as available for sale. The Center has an agreement with a real estate agent and are searching for potential buyers. The Center owns the building with no outstanding loans or liens against it.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at February 28, 2022 are as follows:

Senior programs	$ 3,037,972
Low Income Home Energy Assistance program	80,444
United Way – various programs	1,290
Accessibility and Weatherization program	20,000
Go Go Grandparent Transportation program	4,317
Total	$ 3,144,023

There is no time restriction as to the use of these program funds.

8. ENDOWMENT FUND

The Center's endowment fund consists of a purpose endowment that was received from a donation of $1,043,333 in 1997 that is to be used only for the Senior programs. The funds are held in an investment portfolio with Raymond James. The original donation and any income generated from the donation are to be used for Senior Program activities. For the year ended February 28, 2022, $2,997,972 of investments was included in the net assets with donor restrictions balance.

The Center has adopted investment polices for the purpose endowment. The targeted annual return for the investment is three percent plus the annual rate of inflation measured by the Consumer Price Index. In addition the annual return on the fund should meet or exceed on a risk adjusted basis the return of a bench mark portfolio comprised of thirty-five percent of the S&P 500 Index and sixty-five percent of the Lehman Intermediate Bond Index. In achieving the above target returns, the Finance Committee shall exercise ordinary business care and prudence under the circumstances prevailing at the time of investment and asset allocations are made. The Board of Directors understands that fluctuating rates or returns are characteristic of the securities markets and should therefore concentrate on long term portfolio(s) performance.

The Center's policy is only to appropriate for distribution each year the amount necessary to fund the Senior programs. During the year ended February 28, 2022 the Center appropriated from the endowment fund amount amounts to cover construction and furnishings for the senior center portion of the Center's new building.

Transactions related to the purpose endowment fund for the year ended February 28, 2022, is summarized as follows:

Endowment net assets, beginning of year	$ 2,905,602
Investment income, net	125,594
Apportioned for expenditure	(33,224)
Endowment net assets, end of year	$ 2,997,972

9. GRANT REVENUE

Grant revenue is provided by the following sources: the U.S. Department of Health and Human Services, U.S. Department of Energy, U.S. Department of Agriculture, U.S. Department of Homeland Security, Illinois Department of Commerce and Economic Opportunity, Illinois Department of Human Services, Illinois Department on Aging, Illinois State Board of Education, Small Business Administration, United Way, John Ullich Foundation, Edward G. Whinnery Trust, Ameren Illinois, The Community Foundation of Macon County and PNC Foundation. Under the terms of these grant agreements, costs which do not meet the conditions of the grant programs may be disallowed and required to be returned to the grantors. As of February 28, 2022 the Center is not aware of any such costs.

10. GOVERNMENT SUPPORT

The Center received a substantial amount of its operating support in the form of Federal and State grants. Any significant reduction in the level of this support could have an effect on the Center’s programs.

11. ANNUITY PLAN

The Center has a Tax Sheltered Annuity plan available for its employees on a contributory basis. All permanent-full time employees who have completed their probationary period are eligible to participate in the plan. Each account is in the individual employee's name and is completely vested and transferable with the employee when they terminate employment.

12. LEASES

The Center leases office equipment with monthly payments ranging from $384 to $1,479. The various leases expire March 1, 2022 through November 1, 2023. Equipment lease expense was $20,385 for the year ended February 28, 2022.

Future minimum payments on the above leases at February 28, 2023 are as follows:

2023	$	11,829

13. CONCENTRATION OF CREDIT RISK

The Center maintains cash balances in a financial institution. At February 28, 2022, the Center’s cash accounts were fully insured. The Center has not experienced any losses in such accounts.

14. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Center's assets as of February 28, 2022 available for general use within one year of the statement of financial position date:

Cash and cash equivalents	$ 441,179
Due from granting agencies	477,752
Investments	3,006,737
Total financial assets available within one year	3,925,668
Net assets with donor restriction	(3,144,023)
Financial assets available to meet cash needs for general use within one year	$ 781,645

The Center is substantially supported by grant income and other business activity income, however some restricted contributions are received. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Center must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Center's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Center invests cash in excess of daily requirements in short-term investments and money market funds.

15. REVOLVING LINE OF CREDIT

On November 14, 2019, the Center entered into a $500,000 revolving line of credit with a financial institution that carries a variable interest rate equal to the daily LIBOR Rate plus 1.5%. The line of credit matures on November 14, 2022. There were no draws against the line of credit during the year ended February 28, 2022.

16. PAYCHECK PROTECTION PROGRAM

The Center applied for and was approved in April 2020 for a loan under the Paycheck Protection Program of the CARES Act. The Paycheck Protection Program is a low-interest Small Business Administration (SBA) loan and generally covers payroll costs and may be forgiven entirely if the borrower limits salary reductions and maintains staffing levels for a specified period of time after getting the loan. The Center was approved for a loan under this program in the amount of $241,000 with an interest rate of 1% and a maturity date of April 2022. As of February 28, 2022 the conditions of the program had been met and the Center received forgiveness from the SBA. The Center has recognized the amount as grant revenue on the Statement of Activities.

EMPOWERMENT OPPORTUNITY CENTER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED FEBRUARY 28, 2022

	Federal CFDA Number	Agency Contract Number	Expenditures	
U. S. Department of Agriculture				
Passed through the Illinois State Board of Education:				
Child and Adult Care Food Program		2021-4226-00	$ 63,758	
Child and Adult Care Food Program		2022-4226-00	55,534	
Total Child and Adult Care Food Program	10.558		119,292	
U. S. Department of Energy				
Passed through the Illinois Department of Commerce and Economic Opportunity:				
Weatherization Assistance for Low-Income Persons		17-404027	21,686	
Weatherization Assistance for Low-Income Persons		17-405027	3,796	
Total Weatherization Assistance for Low-Income Pers	81.042		25,482	
U. S. Department of Health and Human Services				
Head Start		05CH011044-03-00	2,092,571	
Head Start		05HE001005-01-01	2,376	
Head Start		COVID 05HE001005-01-01	32,662	
Head Start		05CH011044-03-02	162,226	
Total Head Start	93.600		2,289,836	M
Passed through the Illinois Department of Commerce and Economic Opportunity:				
Low-Income Home Energy Assistance		20-224027	536,396	
Low-Income Home Energy Assistance		21-224027	2,023,101	
Low-Income Home Energy Assistance		20-221027	(16,357)	
Low-Income Home Energy Assistance		21-221027	17,190	
Low-Income Home Energy Assistance		COVID 20-274027	40,325	
Low-Income Home Energy Assistance		COVID 21-274027	542,244	
Total Low-Income Home Energy Assistance	93.568		3,142,899	
Community Services Block Grant		21-231027	281,742	
Community Services Block Grant		22-231027	59,840	
Community Services Block Grant		COVID 20-211027	103,492	
Total Community Services Block Grant	93.569		445,074	

EMPOWERMENT OPPORTUNITY CENTER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

FOR THE YEAR ENDED FEBRUARY 28, 2022

	Federal CFDA Number	Agency Contract Number	Expenditures
U. S. Department of Homeland Security			
Passed through Catholic Charities			
Emergency Food and Shelter Program		37-2490-00	3,456
Emergency Food and Shelter Program		38-2490-00	10,000
Emergency Food and Shelter Program		CARES-2490-00	6,700
Total Emergency Food and Shelter Program	97.024		20,156
Total Federal Expenditures			$ 6,042,739

M - Major Program

BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Center and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

SUBRECIPIENTS

The Center did not provide federal awards to subrecipients during the year ended February 28, 2022.

DESCRIPTION OF MAJOR FEDERAL PROGRAM

The major federal program of the Center is the U.S. Department of Health and Human Services – Head Start (93.600).

The purpose of the Head Start program is to promote school readiness by enhancing the social and cognitive development of low-income children, including children on federally recognized reservations and children of migratory farm works, through the provision of comprehensive health, educational, nutritional, social and other services; and to involve parents in their children's learning and to help parents make progress toward their educational, literacy and employment goals. Head Start also emphasizes the significant involvement of parents in the administration of their local Head Start programs.

NON-CASH ASSISTANCE, LOANS OUTSTANDING AND INSURANCE

The Center did not receive any federal non-cash assistance, federal loans or federal insurance for the year ended February 28, 2022.

DE MINIMIS RATE

The Center did not elect to use the de minimis rate of 10 percent for the year ended February 28, 2022.

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INDEPENDENT AUDITOR'S REPORT ON INTENRAL 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
Empowerment Opportunity Center
Decatur, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Empowerment Opportunity Center (Center), which comprise the Statement of Financial Position as of February 28, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 15, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Sikich LLP

Springfield, Illinois
June 15, 2022

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

To the Board of Directors
Empowerment Opportunity Center
Decatur, Illinois

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Empowerment Opportunity Center (Center) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended February 28, 2022. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Center 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 February 28, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts and grant agreements applicable to the Center's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Sikich LLP

Springfield, Illinois
June 15, 2022

EMPOWERMENT OPPORTUNITY CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED FEBRUARY 28, 2022

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	*unmodified*	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	__x__ no
Significant deficiency(s) identified that are not considered to be material weaknesses?	_____ yes	__x__ none reported
Noncompliance material to financial statements noted?	_____ yes	__x__ no

Federal Awards

Internal Control over major programs:		
Material weakness(es) identified?	_____ yes	__x__ no
Significant deficiency(s) identified that are not considered to be material weaknesses?	_____ yes	__x__ none reported
Type of auditor's report issued on compliance for major programs:	*unmodified*	
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	_____ yes	__x__ no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.600	Head Start

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000	
Auditee qualified as low-risk auditee?	__x__ yes	_____ no

EMPOWERMENT OPPORTUNITY CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED FEBRUARY 28, 2022

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Note: The prior audit contained no findings.