Ohio Heartland
Community Action Commission

2009

Annual Report
Our Mission Statement

• To serve in an exclusively charitable and educational capacity, as provided in the Internal Revenue Code of 1954, as amended.

• In furtherance of its charitable and educational purposes, to foster and promote planning services and developmental efforts for the mobilization and utilization of resources, public and private, including, but not limited to, Boards of Education, governmental agencies, and voluntary citizens groups and associations for coordinated remedial attack upon conditions of poverty affecting the inhabitants of the area.

• To stimulate and encourage the provisions of services, assistance, and other activities toward developing employment and economic opportunities, improving human performance, individual and group motivation, productivity and bettering conditions under which people live, learn, and work.

• To solicit, contract for, receive, administer, and disburse any funds, grants, bequests, devises, and other resources for the execution and implementation of specific or general programs in carrying out its purposes, and particularly for participation under the “Economic Opportunity Act of 1964” as amended.
2009 Board of Trustees (As of 9/90/09)

*Community Action Agencies are unique because they are governed by a tri-partite Board of Trustees. Federal law mandates Community Action Agencies to compose a board with an equal number of members representing the Public (PB) sector, the Private (PV) sector and the Low-Income (LI) community.*

<table>
<thead>
<tr>
<th>President</th>
<th>Vice-President</th>
<th>Secretary</th>
<th>Treasurer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bruce J. Angell</td>
<td>Joe Mudra</td>
<td>Sandra Sparks</td>
<td>Staci Thomas</td>
</tr>
<tr>
<td>Crawford County Low-Income (LI)</td>
<td>Richland County Public (PB)</td>
<td>Crawford County Low-Income (LI)</td>
<td>Marion County Public (PB)</td>
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<table>
<thead>
<tr>
<th>Marion County</th>
<th>Crawford County</th>
<th>Morrow County</th>
<th>Richland County</th>
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<tr>
<td>Sue Yazel – PB</td>
<td>Daniel Ross – PB</td>
<td>Phylis Miller – PB</td>
<td>Joe Mudra – PB</td>
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<td>Gary Miller – PB</td>
<td>Teresa Shipman – LI</td>
<td>Jeff Coleman – LI</td>
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<td>Sam Buehrer – PB</td>
<td>Floyd Wogan – LI</td>
<td>Tina Picman – PV</td>
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<tr>
<td>Donald Distell – LI</td>
<td>Bruce Angell – LI</td>
<td>Kathy Winters – PV</td>
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<tr>
<td>Jill Dykes – LI</td>
<td>Sandra Sparks – LI</td>
<td>Fawn Mollenkopf - PV</td>
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<td>Joe Wylie – PV</td>
<td>Brenda Haley – LI</td>
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<td>Peter Trochitio – PV</td>
<td>Robert Maxey – PV</td>
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<tr>
<td>Jan Hulse – PV</td>
<td>Gary Nuss – PV</td>
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A LETTER FROM THE BOARD PRESIDENT

Yogi Berra was famous for his use of the English language and he once said, "When you come to a fork in the road, take it." Although this may seem like a mistake on his part, Yogi really meant it. When guests would visit him and ask him for directions, Yogi would say to take the fork in the road. What he was trying to say was that whichever way you went, left or right, you would end up at his house. Our OHCAC staff and administration have come to several forks in the road in conducting business and they have always wound up at the correct conclusion, showing that they are truly professionals and can be trusted to get the job done right and efficiently. Our 24 board members are fortunate to have them.

Our boilerplate mission statement is usually inserted here, but I want to condense it here and state our mission plainly. We are to attempt to change the conditions of poverty by providing assistance that helps to improve the standard of living for those whom we serve. Our staff and administrators, along with the board members, believe in this commitment and work hard to achieve our goals.

Our financial budgets continue to grow as well as responsibilities. Our expenditures rose from $7.9 million three years ago, to $8.2 million, to $10.5 million, to $13.8 million this last year in 2009. Our staff and administration have conducted their responsibilities in such commendable fashion that the government has continued to choose us to handle more programs each and every year.

Head Start was at full enrollment this year and two new buses were purchased. A new Policy Council was formed and Board training was completed on Head Start programs and practices.

The economic downturn of this year had hurt many families and had caused a very heavy turnover in need. It caused a rough winter with rising utility costs and declining assistance with heating and energy. For the year, however, we did manage to serve about 3,600 customers and expended over $1 million doing so. Senior meals continued in delivering over 300 meals per day. FEMA has been changed to EFSP (Emergency Food and Shelter Program) and we were awarded funding for meals, rent and mortgage assistance, as well as utilities. The Marion County United Way and the Marion Community Foundation made it possible for OHCAC to also help with prescription drug assistance.

RSVP (Retired and Senior Volunteer Program) did well this year averaging over 4,000 volunteer hours per month with over 450 volunteers at over 65 locations. Our food pantries at all of our outlets continue to have sparse quantities of food. Despite help from the Boy Scouts and the Postal Service, the stock doesn’t take long to diminish to low quantities. The need remains great. A new planner, Phil LaDouceur, was hired on August 31.

I should say here that this report is always written two years later and, because of a number of new accomplishments and awards, I can say that the next report will be a milestone of events I eagerly wait to share with you. We have indeed been successful and continue to serve our community well.

Sincerely,

Bruce J. Angell,
Board President
<table>
<thead>
<tr>
<th>Program</th>
<th>Marion</th>
<th>Crawford</th>
<th>Morrow</th>
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<td></td>
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<tr>
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<tr>
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<td></td>
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<tr>
<td>Warm Choice</td>
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<tr>
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<td>✓</td>
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<tr>
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<tr>
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<tr>
<td>Rx</td>
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</table>
SUMMARY PROGRAMMATIC DATA SHEET

Energy Assistance – Weatherization Services:
  320 Households received EPP assistance
  27 Households received First Energy Community Connections assistance
  152 Households received Home Weatherization and/or Columbia Gas Warm Choice assistance
  499 Total Households served with energy saving programming

Community Housing Improvement Program (CHIP) for City of Galion:
  4 Households received emergency or major housing rehabilitation

Prescription Drug Assistance – Marion County:
  507 Prescriptions filled for a savings of $97,665

Emergency Assistance (Food, Clothing, Utility Assistance, Prescriptions, Tutoring)
  14,145 Total Customers assisted through Marion, Morrow and Crawford Centers

Senior Meals Provided Daily – Marion County:
  501 Home Delivered Participants
  76 Congregate Site Participants

SENIOR CHORE PROGRAM – Marion County:
  105 Households assisted

Retired and Senior Volunteer Program (RSVP):
  51,500 Volunteer Hours
  435 Volunteers
  69 Volunteer Sites

Summer Reading Program:
  49 Children participated

Head Start Program:
  1,017 Children and Families participated
  955 Children certified up to date with medical treatment
  214 Children diagnosed with disability and served in conjunction with local schools
  134 Days of comprehensive services provided for 846 funded enrollment
  932 Children received preventative dental care – 112 diagnosed for additional treatment

ORGANIZATIONAL FUNDING LEVEL: $10,617,751
**ENERGY ASSISTANCE**

*Electric Partnership Program*

Funded by a contract with the Ohio Department of Development, the *EPP* program provides energy audits to specific service areas, providing customers with energy saving techniques along with energy saving fluorescent light bulbs, replacement of qualified refrigerators and/or freezers with energy star rated units. *For program year 2009, 320 customers received service and consumer energy education.*

*Community Connections Program*

Funded by First Energy, Ohio Edison and Ohio Partners for Affordable Energy, *CCP* customers received help in reducing their electric usage with energy saving fluorescent light bulbs, refrigerators and/or freezers, and electric stoves. *In 2009, 27 customers received Community Connections assistance.*

*Home Weatherization Assistance Program*

*(HWAP)* consists of a home inspection to determine the most cost effective energy saving services that could be performed including insulation, air leakage reduction, safety inspection of heating units, and consumer education. *In 2009, 152 customers either received energy saving education, Health & Safety repairs, or Columbia Gas\Warm Choice program referrals.* During 2009 the program utilized ARRA (Stimulus) funds to purchase 2 new vehicles, add 6 crew members and 1 Warehouse person, purchase new office furniture, paint the office and install a new floor.

*Community Housing Improvement Program*

*(CHIP)* provides grants to eligible communities interested in undertaking housing-related activities, including necessary infrastructure improvements. OHCAC works with the City of Galion to provide housing rehabilitation to Galion residents. *In 2009, 4 customers received either private owner rehabilitation, home repair, home ownership/rehabilitation or rental rehabilitation.*

**HEALTH and SAFETY**

*United Community Prescription Program*

The Prescription Program is operated by OHCAC in conjunction with the Smith Clinic and Walgreen’s Pharmacy, who provide us with an on-site office for our professional staff person to meet with the customer. Its mission is to help customers find the most cost effective way of obtaining prescriptions. The program is open to Marion County residents of any age or income level who are without prescription insurance coverage. We receive funding from Marion County United Way and the Marion Community Foundation to operate this program. *For 2009, 519 application requests were processed, 512 applications were determined to be eligible, and 507 prescriptions were filled for a total of $97,665 in savings to the customers.*
Emergency Services Program

The Emergency Services program is made available to low-income people who are in need of emergency type services – food, clothing, utility bills assistance, tutoring – to become more self-sufficient. Ohio Heartland staff Directors, Office Managers, Program Coordinators, Intake and Data Entry workers within the Marion-Crawford-Morrow service areas provide the assistance. In 2009, of the 17,125 customers requesting emergency assistance, 14,145 were assisted. Customers not directly served were referred to other local service providers.

Marion Center: The H-2-0 program is a partnership between the Ohio-American Water Company, St. Vincent DePaul Society and the Marian Clark Center. Initial funding is granted by the Ohio-American Water Company, with matching funds from St. Vincent DePaul Society. The purpose of this funding is to assist those households in danger of being disconnected. The funds are limited and there is a limit of $200 per household per year for eligible clients. Gas Cards are made available through the St. Vincent DePaul Society on a limited basis and provide transportation assistance to eligible clients with a doctor’s appointment out of town.

Crawford Center: The Center serves as the Galion Unit of the Salvation Army and is able to provide prescription assistance with Salvation Army funding. A food pantry and clothing outlet are operated within the Center. Staff also assists with homelessness prevention and holiday assistance. GED tutoring classes were initiated in 2009 for all residents of Crawford County and are held in the Center. Volunteer teachers work with students two days per week.

Morrow Center: The Rescue Payment Assistance program was developed through a partnership with the Morrow County Development Department. This pilot program provided mortgage assistance to residents who facing foreclosure and was used as a model for the subsequent Mortgage Assistance Program operated with CSBG ARRA funds in Marion, Crawford and Morrow Counties. In July 2009 the Center was relocated from its initial location in the Morrow County Building to OHCAC’s property located at 28 West High Street in Mt. Gilead.

Home Energy Assistance Program (HEAP): Formerly known as “Regular HEAP.” The Home Energy Assistance Program is a federally funded program designed to help low-income Ohioans with their winter heating bills. The program runs from June 1 to May 31.

Winter Crisis Program (WCP): Formerly known as “Emergency HEAP.” The WCP component was created to provide financial assistance to low-income households that: are threatened with disconnection of their heating source; have already had service disconnected; need to establish new service or pay to transfer service; or have 25% or less of the fuel capacity of their tank. The WCP program year runs from November 1 to March 31. CAC’s have until April 15 to finish any incomplete or pending applications.

Summer Crisis Program (SCP): Formerly known as the “Summer Cooling Program.” The SCP component was created to provide assistance with the electric energy source for applicants determined eligible by the current SCP State Issued Grant Agreement, Exhibit 1, Scope of Work. The SCP runs from July 1 to August 31.

PIPP Plus: PIPP Plus is an extended payment arrangement that requires regulated gas and electric companies to accept payments based on a percentage of the household income for those customers who are at or below 150% of the federal poverty income guidelines.
INDEPENDENT LIVING

Senior Hot Meals

The Hot Meals program was established to assist homebound Marion County seniors in receiving a hot and nutritionally balanced lunch Monday through Friday. This allows the senior to remain independent longer and serves as reassurance to them and their family that someone is contacting them on a regular basis. In 2009, 501 seniors benefited from this program as part of the collaboration with Passport, AAA-5 Home Delivered Meals and the Marion County Senior Levy Hot Meals. Senior Nutrition Program

Nutritious noontime meals are made available to Marion County senior citizens age 60 and older at the Marion Center. Once a month a nutrition professional from the County Extension Office provides diet and other health information. In 2009, 76 senior citizens participated in the luncheon meal program five days a week.

Senior Chore Program

The CHORE Program assists Marion County seniors age 60 and older with minor repairs and household chores needed around the home, specifically focusing on safety and accessibility. This program is funded by the Marion County Council on Aging. Although there are no income guidelines for this service, donations are accepted. In 2009, 105 households received assistance.

Retired and Senior Volunteer Program

(RSVP) is a volunteer placement program for retired and senior persons age 55+. Placements enable senior volunteers in Crawford, Marion and Morrow Counties to participate more fully in their life through significant volunteer service. RSVP is also an advocate for Senior Citizens.

Ohio Heartland Community Action Commission has physically and financially supported RSVP since 1974. RSVP provides benefits to volunteers who enroll and serve in one of the three counties. In 2009, RSVP had 435 active volunteers serving in 69 locations. The combined volunteer hours reported to RSVP was 51,500. Some examples of the volunteer work done in these communities are: delivering meals to homebound seniors, mentoring children, working at bloodmobiles and crisis intervention hotlines, assisting with cultural events at theatres and museums, helping at hospitals, assisted living facilities, nursing homes, senior centers food pantries and thrift shops and the humane society.

Summer Reading Program

The Summer Reading Program serves children in Marion County, enabling them to improve reading skills in a positive learning environment. Referred by the local school districts, the six week instruction is designed to improve the students reading skills by one or two grade levels. We receive in-kind donations from Marion City Schools and local businesses, as well as over 100 hours donated by volunteers. In 2009, 49 children participated in this program.
FAMILY DEVELOPMENT

Head Start  2007-2008

The OHCAC Head Start program served a total of 1017 children and their families in program year 2008-2009. Of this number served, 955 were up-to-date with immunizations, 955 were up-to-date with medical services with 24 being diagnosed as needing medical treatment, 932 children received preventative dental care with 112 diagnosed as needing treatment and 214 children were diagnosed with a disability and were served by their local schools on an Individual Education Plan with services provided in the Head Start centers by itinerate teachers and therapists.

The children are provided with comprehensive Head Start services in a center-based program four days per week for a total of 134 days per year. Less than one fifth of all eligible children in the four-county service area are provided with Head Start services. In the 2008-2009 Program Year full enrollment was maintained throughout the year with waiting lists in some centers. The program was funded for 846 children and was consistently over-enrolled by an average of 11 children and families.

Families are served by Family Advocates who visit in the homes with families and facilitate Family Partnership Agreements and goal setting. Family Activities include monthly Family Connection meetings for each county and the monthly Policy Council meeting. Policy Council members serve as an advisory group and also approve certain activities of the program including the development of the annual federal grant application. Policy Council members also serve on the Governing Board and Board members serve on Policy Council. Other family activities include the home Literacy program, home dental program, and home curriculum activities which support the Creative Curriculum used in the centers. Family members volunteer in the centers and on field trips when possible.

The children are prepared for kindergarten through the use of the Creative Curriculum which supports the State of Ohio Early Learning Standards. Transition files are developed for each family to be used when they register their children for kindergarten.

Children enjoy their pre-school years at Head Start and gain social skills necessary for a successful K-12 school experience. They learn how to work in groups, be responsible for their actions, to practice good health and hygiene habits in addition to receiving nutritious meals and gaining pre-literacy and pre-math skills. Families are encouraged to become advocates for their children’s education starting at this level and continuing through the college years. We are proud of the success stories of our Head Start children and families.
OHIO HEARTLAND COMMUNITY ACTION
COMMISSION AND AFFILIATE

FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED SEPTEMBER 30, 2009

TOGETHER WITH INDEPENDENT AUDITOR'S REPORTS

Donald R. Gossett & Company LLC
Certified Public Accountant
Ironton, Ohio
INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Ohio Heartland Community Action
Commission and Affiliate
Marion, Ohio

I have audited the accompanying combined statement of financial position of Ohio Heartland Community Action Commission and Affiliate, (a nonprofit organization) as of September 30, 2009, and the related combined statements of activities, functional expenses, and cash flows for the year then ended. These combined financial statements are the responsibility of the Organization’s management. My responsibility is to express an opinion on these combined 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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Ohio Heartland Community Action Commission and Affiliate, as of September 30, 2009, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated June 25, 2010 on my consideration of Ohio Heartland Community Action Commission and Affiliate's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of my audit.

My audit was made for the purpose of forming an opinion on the basic financial statements of Ohio Heartland Community Action Commission and Affiliate, taken as whole. The accompanying schedule of functional expenses by program on pages 15 to 22 and schedule of indirect costs on page 25 are presented for purposes of additional analysis and is not a required part of the financial statements of the Organization. The accompanying schedule of expenditures of federal awards on page 23 is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Nonprofit Organization, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.
Donald R. Gossett & Company, LLC

Donald R. Gossett & Company LLC
Certified Public Accountant

Ironton, Ohio 45638
June 25, 2010
## ASSETS
### CURRENT ASSETS
- Cash: $1,251,461
- Accounts receivable: 43,874
- Grants and accounts receivable: 376,963
  Total current assets: 1,672,298

### PROPERTY AND EQUIPMENT
- Property and equipment: 1,644,503
  Less: accumulated depreciation: (512,762)
  Net property and equipment: 1,131,741

Total assets: **$2,804,039**

## LIABILITIES AND NET ASSETS
### CURRENT LIABILITIES
- Accounts payable: $135,048
- Accrued payroll and related expenses: 372,635
- Accrued leave: 249,047
- Refundable advances: 180,907
- Maintenance reserve: 3,618
- Current portion of mortgage notes payable: 46,803
  Total current liabilities: 988,058

### LONG-TERM DEBT
- Mortgage payable, less current portion: 550,068

### NET ASSETS
- Unrestricted: 1,265,913
  Total net assets: 1,265,913

Total liabilities and net assets: **$2,804,039**

The accompanying notes to combined financial statements are an integral part of this statement.
OHIO HEARTLAND COMMUNITY ACTION COMMISSION

COMBINED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2009

CHANGES IN UNRESTRICTED NET ASSETS

Revenues:
Grants & reimbursement contracts $10,251,721
Interest income 31,213
Program income 334,817
Total unrestricted revenues and other support 10,617,751

Expenses:
Head Start and Day Care 5,348,289
Home Energy Assistance 2,552,373
Community Services 589,876
Senior Services 485,802
Corporate 380,811
Harding Way Properties 16,434
Combining Statement Eliminations (21,264)
Total program expenses 9,352,321

General & Administrative 941,242

Total expenses 10,293,563

Increase in unrestricted net assets 324,188
Unrestricted net assets, October 1, 2008 941,725
Unrestricted net assets, September 30, 2009 $1,265,913

The accompanying notes to combined financial statements are an integral part of this statement.
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<thead>
<tr>
<th>Category</th>
<th>Head Start and Day Care</th>
<th>Home Energy Assistance</th>
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<td>1,795</td>
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<td>10,596</td>
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<td>1,413</td>
<td>4,613</td>
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<td>Other</td>
<td>440,903</td>
<td>135,180</td>
<td>60,226</td>
<td>34,200</td>
<td>(25,133)</td>
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<tr>
<td><strong>Total expenses before general &amp; administrative expenses</strong></td>
<td><strong>5,348,289</strong></td>
<td><strong>2,552,373</strong></td>
<td><strong>589,876</strong></td>
<td><strong>485,802</strong></td>
<td><strong>380,811</strong></td>
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<td>General &amp; administrative expenses</td>
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<td>134,265</td>
<td>58,809</td>
<td>36,089</td>
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<td><strong>Total</strong></td>
<td><strong>$ 6,040,347</strong></td>
<td><strong>$ 2,686,638</strong></td>
<td><strong>$ 648,685</strong></td>
<td><strong>$ 521,891</strong></td>
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## OHIO HEART LAND COMMUNITY ACTION COMMISSION

### COMBINED STATEMENT OF FUNCTIONAL EXPENSES (CONCLUDED)

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

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<th>Eliminations</th>
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<tr>
<td>Consultants/contractual</td>
<td>-</td>
<td>-</td>
<td>16,994</td>
<td>117,708</td>
<td>134,702</td>
</tr>
<tr>
<td>Travel</td>
<td>-</td>
<td>-</td>
<td>146,950</td>
<td>22,819</td>
<td>169,769</td>
</tr>
<tr>
<td>Space costs</td>
<td>-</td>
<td>(21,264)</td>
<td>471,633</td>
<td>65,712</td>
<td>537,345</td>
</tr>
<tr>
<td>Supplies</td>
<td>-</td>
<td>-</td>
<td>128,967</td>
<td>15,002</td>
<td>143,969</td>
</tr>
<tr>
<td>Equipment</td>
<td>-</td>
<td>-</td>
<td>66,269</td>
<td>100,880</td>
<td>167,149</td>
</tr>
<tr>
<td>Client services</td>
<td>-</td>
<td>-</td>
<td>2,382,058</td>
<td>-</td>
<td>2,382,058</td>
</tr>
<tr>
<td>Insurance</td>
<td>-</td>
<td>-</td>
<td>79,961</td>
<td>58,461</td>
<td>138,422</td>
</tr>
<tr>
<td>Depreciation</td>
<td>7,131</td>
<td>-</td>
<td>74,512</td>
<td>3,312</td>
<td>77,824</td>
</tr>
<tr>
<td>Interest</td>
<td>9,110</td>
<td>-</td>
<td>36,489</td>
<td>7,480</td>
<td>43,969</td>
</tr>
<tr>
<td>Other</td>
<td>193</td>
<td>-</td>
<td>645,569</td>
<td>13,805</td>
<td>659,374</td>
</tr>
<tr>
<td><strong>Total expenses before general &amp; administrative expenses</strong></td>
<td>16,434</td>
<td>(21,264)</td>
<td>9,352,321</td>
<td>941,242</td>
<td>10,293,563</td>
</tr>
<tr>
<td><strong>General &amp; administrative expenses</strong></td>
<td>-</td>
<td>-</td>
<td>941,242</td>
<td>(941,242)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$16,434</td>
<td>$(21,264)</td>
<td>$10,293,563</td>
<td>$-</td>
<td>$10,293,563</td>
</tr>
</tbody>
</table>

The accompanying notes to combined financial statements are an integral part of this statement.
OHIO HEARTLAND COMMUNITY ACTION COMMISSION

COMBINED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from:
- Grants and reimbursement contracts $10,251,721
- Interest income 31,213
- Program Income 334,817
  Total 10,617,751

Cash disbursed to:
- Employees and suppliers (10,321,583)
- Banks (as interest) (43,969)
  Total cash disbursements (10,365,552)

Net cash provided by operating activities 252,199

CASH FLOWS FROM INVESTING ACTIVITIES

Other investing activities purchase of property (44,691)
Net cash used in investing activities (44,691)

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on long-term debt (40,024)
Net cash used in financing activities (40,024)

Net increase in cash 167,484

Cash at October 1, 2008 1,083,977

Cash at September 30, 2009 $1,251,461
RECONCILIATION OF CHANGE IN NET ASSETS TO CASH USED IN OPERATING ACTIVITIES:

Change in net assets $ 324,188

Adjustments to reconcile change in net assets to net cash provided by operating activities:

Depreciation 77,824
Adjustment of accumulated depreciation (200)

Decrease (increase) in:

Grants receivable (230,882)

(Decrease) increase in:

Accounts payable (42,959)
Accrued payroll and related expenses 259,898
Accrued leave (15,644)
Deferred revenue (75,192)
Maint reserve (44,834)

Total adjustments (71,989)

Net cash used in operating activities $ 252,199

The accompanying notes to combined financial statements are an integral part of this statement.
OHIO HEARTLAND COMMUNITY ACTION COMMISSION and AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2009

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ohio Heartland Community Action Commission (the "Organization") is a non-profit corporation engaged in providing services to low-income individuals and families and to the elderly and handicapped under grants from and contracts with a variety of public and private sources. The Organization is primarily supported through federal and state government grants.

Principles of Combination

The combined financial statements include the accounts of Ohio Heartland Community Action Commission and Harding Way Properties related by virtue of common management. All intercompany balances have been eliminated in the combined financial statements.

Accounting Basis

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The following information summarizes the accounting basis:

Equipment

A. Grant Award Equipment

The equipment acquired is owned by the Organization while used in the program for which it was purchased or in other future authorized programs. The funding sources, however, retain a reversionary interest in the equipment purchased with grant funds; therefore, its disposition, as well as the ownership of any sale proceeds therefrom, is subject to funding source regulations.

B. Nongrant Award Equipment

Equipment purchased with non grant award funds is capitalized at cost. Donated equipment is stated at the fair market value at the time of the contribution. They are depreciated over their estimated useful lives using the straight-line method.

Building

The Organization, owns its office building as well as other property used by the Organization. The buildings are being depreciated over thirty years using the straight-line method. Actual building costs including mortgage interest are charged to the indirect cost pool and allocated to grants as indirect costs.

Revenues

Revenues are recognized in the accompanying financial statements as follows:
A. Grants and Reimbursement Contracts

The funds from various funding sources under reimbursement contracts are recognized as revenue in the accounting period in which they are earned. Any uncollected funds from the current or prior periods are reported as grants receivable. Funds received but not yet earned are reported as refundable advances. Grants awarded without time stipulations are recorded as revenue when received.

B. Interest Income

Interest income is recognized in the accounting period when it is received. The Organization, maintains funds received from various sources in an interest bearing checking account. The portion of interest earned on advances of direct federal funds is remitted to the federal funding sources in accordance with OMB Circular A-110, Attachment D, Uniform Administrative Requirements of Grants and Agreements with Nonprofit Organizations. The interest earned on other funds is included in unrestricted funds and is used to support the Organization's programs.

C. Miscellaneous Income

Funds from various sources are recognized in the accounting period in which they are received.

D. Program Income

Program income consists of revenues earned in connection with the Organization's programs and functions. It is recognized as revenue in the accounting period in which it is received.

Expenditures

Disbursements for goods, services, materials and equipment are recorded as expenses when incurred.

Cost Allocation

Joint costs are allocated to benefiting programs using various allocation methods, depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of all agency programs but which cannot be readily identified with a final cost objective. Cost allocation methods are as follows:

Insurance

Insurance is allocated to benefiting programs or the indirect cost pool depending on the equipment, space or people covered by the insurance.

Other Joint Costs
Other joint costs are allocated to agency programs based on the amounts used by each program.

**Income Taxes**

The Organization, is a not for profit corporation and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The organization is also exempt from Ohio income tax.

**Unrestricted Net Assets**

Unrestricted net assets represent amounts that are not restricted by donor-imposed stipulations.

**Temporarily Restricted Contributions**

The Organization reports temporarily restricted contributions whose restrictions are met in the same year as unrestricted contributions.

**Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reporting 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.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities.

Costs are allocated between management and general or the appropriate program based on evaluations of the related benefits. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

**2) GRANTS RECEIVABLE**

The grants receivable balance at September 30, 2009 of $376,963 was considered to be collectable within one year.

**3) LAND, BUILDINGS AND EQUIPMENT**

The land, buildings and equipment balance at September 30, 2009 consists of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land, buildings and improvements</td>
<td>$1,385,568</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>15,159</td>
</tr>
<tr>
<td>Vehicles</td>
<td>243,776</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(512,762)</td>
</tr>
<tr>
<td>Net</td>
<td>$1,131,741</td>
</tr>
</tbody>
</table>
(4) REFUNDABLE ADVANCES

The refundable advance balance at September 30, 2009 consists of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marion Prescription Program</td>
<td>$8,389</td>
</tr>
<tr>
<td>HEAP Administration</td>
<td>$15,574</td>
</tr>
<tr>
<td>HWAP DOE ARRA</td>
<td>$2,952</td>
</tr>
<tr>
<td>HWAP HHS ARRA</td>
<td>$4,165</td>
</tr>
<tr>
<td>RSVP</td>
<td>$14,890</td>
</tr>
<tr>
<td>Columbia Gas-HEAP</td>
<td>$75,797</td>
</tr>
<tr>
<td>FEMA-Crawford</td>
<td>$14,709</td>
</tr>
<tr>
<td>USF</td>
<td>$39,826</td>
</tr>
<tr>
<td>Marion CHORE</td>
<td>$4,426</td>
</tr>
<tr>
<td>Various Others</td>
<td>$179</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$180,907</strong></td>
</tr>
</tbody>
</table>

(5) NOTES PAYABLE

Notes payable at September 30, 2009 consists of the following:

Note payable to bank at 6.65% annual interest with monthly payments of $772 (principal and interest). The note is secured by property located on Dawsett Avenue, Galion, Ohio and matures May, 2011. $79,220

Note payable to bank at 5.880% annual interest with monthly payments of $1,287 (principal and interest). The note is secured by property located at 1183 Bellefontaine Avenue, Marion, Ohio, and matures June, 2011. 149,370

Note payable to bank at 6.650% annual interest with monthly payments of $532 (principal and interest). The note is secured by property located at 28 and 28 ½ West High Street, Mt. Gilead, Ohio, and matures May, 2011. 54,649

Note payable to bank at 6.65% interest with monthly payments of $1,920 (principal and interest). The note is secured by property at 372 East Center Street, Marion, Ohio, secured by inventories, accounts receivable, and equipment, and matures May, 2011. 197,080
Note payable to bank at 7.125% annual interest with monthly payments of $1,663 (principal and interest). The note is secured by property located on 125 Fairview Avenue, Marion, Ohio and matures August, 2016. 117,846

Note payable to bank at 6.75% annual interest with monthly payments of $826 (principal and interest). The note is secured by 2007 Chevrolet Truck/Hotshot Bed and matures October, 2010 9,555

Less current maturities 596,872

(46,804) $ 550,068

The aggregate maturities on long-term debt as of September 30, 2009, are as follows:

<table>
<thead>
<tr>
<th>Year ending September 30</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$ 46,804</td>
</tr>
<tr>
<td>2010</td>
<td>39,812</td>
</tr>
<tr>
<td>2011</td>
<td>42,552</td>
</tr>
<tr>
<td>2012</td>
<td>45,481</td>
</tr>
<tr>
<td>2013</td>
<td>48,614</td>
</tr>
<tr>
<td>Thereafter</td>
<td>373,609</td>
</tr>
<tr>
<td></td>
<td>$ 596,872</td>
</tr>
</tbody>
</table>

(6) PENSION PLAN

The Organization has a defined contribution plan that covers substantially all of its employees. The plan provides pension benefits that are based on the employees’ annual compensation. Pension plan expense for the year ended September 30, 2009, was $102,291.

(7) CONCENTRATIONS

The Organization depends on grants from federal, state, and local sources for its continued existence.

(8) INTEREST

The amount of interest charged to expense and the cash paid for interest for the year ended September 30, 2009, was $43,969.

(9) OPERATING LEASES

The Organization has entered into lease agreements for program facilities. These leases are for a period of one year and expire at September 30, 2009. Management expects that, in the normal course of business, these leases will be renewed on a continuing basis.

Financial statements for the year ended September 30, 2009 include rental expenses of $224,824 relating to leases on program facilities and buses.
(10) CONTINGENCIES

The Organization is subject to legal action brought by an employee involving a worker’s compensation claim. The Organization’s management is vigorously defending these actions and believes that the worker’s compensation claim will be adequately covered by the Ohio Bureau of Worker’s Compensation in the case of an unfavorable outcome.

(11) INDIRECT COST

Proposed indirect cost rate for the year ended September 30, 2009 was 17.7% (see page 25 for calculation).