Douglass Community Services, Inc.

Financial Statements
and Supplemental Information

December 31, 2024

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CERTIFIED PUBLIC ACCOUNTANTS

Douglass Community Services, Inc.

Contents

December 31, 2024

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Independent Auditors' Report

To the Board of Directors of
Douglass Community Services, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Douglass Community Services, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2024, 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 Douglass Community Services, Inc. as of December 31, 2024, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Douglass Community Services, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 Douglass Community Services, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 Douglass Community Services, Inc.'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 Douglass Community Services, Inc.'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.

Supplemental 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 schedule of expenditures of federal awards 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 September 29, 2025 on our consideration of Douglass Community Services, Inc.'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 Douglass Community Services, Inc.'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 Douglass Community Services, Inc.'s internal control over financial reporting and compliance.

Gray Hunter Stenn LLP

Gray Hunter Stenn LLP

Dated at Quincy, Illinois
September 29, 2025

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of
Douglass Community Services, Inc.

We have audited, 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, the financial statements of Douglass Community Services, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Douglass Community Services, Inc.'s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Douglass Community Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Douglass Community Services, Inc.'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 Organization'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 the internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Findings 2024-001, 2024-002, and 2024-003, that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Douglass Community Services, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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*.

Douglass Community Services, Inc.'s Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on Douglass Community Services, Inc.'s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Douglass Community Services, Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 result of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gray Hunter Stenn LLP

Gray Hunter Stenn LLP

Dated at Quincy, Illinois
September 29, 2025

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Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors of
Douglass Community Services, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Douglass Community Services, Inc.'s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Douglass Community Services, Inc.'s major federal programs for the year ended December 31, 2024. Douglass Community Services, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Douglass Community Services, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Douglass Community Services, Inc. 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 Douglass Community Services, Inc.'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 or grant agreements applicable to the Douglass Community Services, Inc.'s federal programs.

Auditors' 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 Douglass Community Services, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Douglass Community Services, Inc.'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 professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Douglass Community Services, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Douglass Community Services, Inc.'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 Douglass Community Services, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify deficiencies in internal control over compliance, that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 2024-001, 2024-002, and 2024-003 to be significant deficiencies.

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

Government Auditing Standards requires the auditor to perform limited procedures on Douglass Community Services, Inc.'s response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Douglass Community Services, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Gray Hunter Stenn LLP

Gray Hunter Stenn LLP

Dated at Quincy, Illinois
September 29, 2025

Douglass Community Services, Inc.

Statement of Financial Position

December 31, 2024

Assets		
Current Assets		
Cash and cash equivalents	$	980,909
Investments		42,691
Grant receivables		822,257
Prepaid expenses		40,040
Total Current Assets		1,885,897
Right-of-use assets		169,940
Property and equipment, net of accumulated depreciation		4,593,156
Total Assets		6,648,993
Liabilities and Net Assets		
Current Liabilities		
Accounts payable		763,614
Accrued vacation		72,628
Lease obligations - current		99,417
Line of credit		205,599
Note payable - current		17,881
Total Current Liabilities		1,159,139
Lease obligations - less current		70,523
Note payable - less current		400,257
Total Liabilities		1,629,919
Net Assets		
Without donor restrictions		5,019,074
Total Liabilities and Net Assets	$	6,648,993

See notes to the financial statements.

Douglass Community Services, Inc.

Statement of Activities

Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support			
United Way allocations	$ 42,734	$ -	$ 42,734
Federal grants	10,119,157	-	10,119,157
State grants	2,613,733	-	2,613,733
Contributions and fundraising	236,893	-	236,893
In-Kind contributions	2,270,157	-	2,270,157
Total Public Support	15,282,674	-	15,282,674
Revenue			
Investment income (loss)	15,547	-	15,547
Other revenue	35,165	-	35,165
Release from restrictions	-	-	-
Total Revenue	50,712	-	50,712
Total Public Support and Revenue	15,333,386	-	15,333,386
Expenses			
Program services	10,990,538	-	10,990,538
Management and general	842,184	-	842,184
Total Expenses	11,832,722	-	11,832,722
Change in Net Assets	3,500,664	-	3,500,664
Net Assets, January 1, 2024	1,518,410	-	1,518,410
Net Assets, December 31, 2024	$ 5,019,074	$ -	$ 5,019,074

Douglass Community Services, Inc.

Statement of Functional Expenses

Year Ended December 31, 2024

	Program Services	Management and General	Total
Salaries	$ 5,541,785	$ 575,518	$ 6,117,303
Employee benefits	738,332	76,325	814,657
Payroll tax expense	440,625	42,389	483,014
Professional fees	341,118	26,448	367,566
Supplies	327,608	36,907	364,515
Food supplies	174,726	-	174,726
Telephone	45,722	9,515	55,237
Postage and shipping	85	3,835	3,920
Printing and promotion	19,843	702	20,545
Equipment maintenance	215,612	16,059	231,671
Occupancy	153,468	33,326	186,794
Rent	189,409	4,035	193,444
Specific assistance	106,055	-	106,055
Travel and vehicle costs	123,082	8,994	132,076
Training	77,627	4,978	82,605
Membership dues	4,861	2,055	6,916
Miscellaneous	168,105	1,098	169,203
Interest expense	18,231	-	18,231
Depreciation	34,087	-	34,087
In-Kind	2,270,157	-	2,270,157
Total Expenses	$ 10,990,538	$ 842,184	$ 11,832,722

Douglass Community Services, Inc.

Statement of Cash Flows

Year Ended December 31, 2024

Cash Flows from Operating Activities		
Change in net assets	$	3,500,664
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		34,087
Investment gain		(4,685)
(Increase) decrease in accounts receivable		(226,439)
(Increase) decrease in prepaids		(40,040)
Increase (decrease) in accounts payable		147,456
Increase (decrease) in accrued vacation		(123)
Net Cash from Operating Activities		3,410,920
Cash Flows from Investing Activities		
Purchase of property and equipment		(3,762,670)
Net Cash from Investing Activities		(3,762,670)
Cash Flows from Financing Activities		
Proceeds from line of credit		205,599
Payments for note payable		(17,088)
Net Cash from Financing Activities		188,511
Net Increase (Decrease) in Cash and Cash Equivalents		(163,239)
Cash and Cash Equivalents, Beginning of Year		1,144,148
Cash and Cash Equivalents, End of Year	$	980,909
Supplemental Information		
Interest paid	$	28,267

1. Summary of Significant Accounting Policies

Nature of Organization
Douglass Community Services, Inc. (the Agency) is a nonprofit corporation that primarily distributes grants to low income and elderly individuals.

Basis of Presentation
The Agency records resources for accounting and reporting purposes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions
Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets with Donor Restrictions
Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Agency reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Basis of Accounting
The Agency has chosen to maintain its accounting records on the accrual basis. Accordingly, revenue is recognized when earned or when it otherwise becomes available and expenditures are recognized when incurred.

Promises to Give
Unconditional promises to give are recognized in the period received as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents
For purposes of the Statement of Cash Flows, the Agency considers all short-term securities purchases with a maturity of three months or less to be cash equivalents.

1. **Summary of Significant Accounting Policies** (Continued)

Property and Equipment
Acquisitions of property and equipment with grant funding are accounted for as expenses in the various grant funds in the year of purchase. Property and equipment purchased with other funding are appropriately capitalized at costs. The property and equipment are being depreciated on a straight line basis over their estimated useful lives.

Revenue Recognition for Contributions
The Agency receives contributions to support operating activities. These contributions and grants can be from individuals, foundations, corporations, or trusts. The Agency records contributions receivable, net of allowances for credit losses, when there is sufficient evidence in the form of verifiable documentation that an unconditional promise was received. The Agency does not maintain an allowance for credit losses. When an account is determined to be uncollectible it is charged to bad debts. During 2024, there were no charge offs of accounts receivable.

Functional Expenses
The Agency allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program are allocated directly according to their expense classification. Other expenses that are common to several functions are allocated by statistical bases.

The Agency's principal programs are comprised of:

Head Start Program
The Head Start Program provides comprehensive health, educational, nutritional, social and other services primarily to economically disadvantaged preschool children. Principal funding is through the U.S. Department of Health and Human Services based on approved budgets.

U.S. Department of Agriculture Child Nutrition Program
The USDA Child Nutrition Program provides reimbursement for meals served to deprived and handicapped children participating in the Agency's Head Start Program. Reimbursement is based on the type of meal served and the income classification of the child.

Food Pantry
The Agency operates a food pantry which is supplemented by contributions from local churches, businesses, and others. The food collected at the pantry is distributed to the needy.

Contributed Nonfinancial Assets
Donated land, buildings, equipment and other noncash donations are recorded as contributions at their fair market value at the date of the donation. The Agency reports the donations as net assets without donor restrictions, unless explicit donor stipulations specify how the donated asset(s) must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets must be used are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Contributed services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or require specialized skills that would need to be purchased if they were not donated. The Agency recognized $2,270,157 of contributed nonfinancial assets for donated materials and volunteer time as in-kind contributions on the Statement of Activities.

Income Tax Status
Douglass Community Services, Inc. is exempt from Federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code, and is not a private Agency. The tax years from 2021 through 2024 remain open for review by the taxing authorities.

1. Summary of Significant Accounting Policies (Continued)

Subsequent Events

Douglass Community Services, Inc. has evaluated subsequent events through September 29, 2025, the date upon which the financial statements were available to be issued. In June 2025, the Agency was notified that its Federal funding for the Retired Senior Volunteer Program (RSVP) will no longer be funded. The RSVP program received $81,606 of federal funds in fiscal year 2024.

2. Liquidity and Availability

The Agency has $1,023,600 of financial assets available within one year of December 31, 2024 to meet cash needs for general expenditures. The financial assets consist of cash and cash equivalents and investments. On December 31, 2024, the Agency had $-0- of net assets with donor restrictions.

3. Fair Value Measurements

The FASB defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Agency's principal or most advantageous market in an orderly transaction between market participants on the measurement date.

The standard establishes a fair value hierarchy which requires the Agency to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Agency has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect the Agency's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The following are descriptions of the valuation methods and assumptions used by the Agency to estimate the fair values of certain financial instruments at December 31, 2024:

Cash and Cash Equivalents

Fair values of money market funds are estimated to approximate deposit account balances, payable on demand, as no discounts for credit quality or liquidity were determined to be applicable.

3. Fair Value Measurements (Continued)

Mutual Funds
Consist of mutual funds which are primarily invested in equity securities. The fair value of mutual funds, which are readily marketable, is determined by obtaining quoted prices on nationally recognized securities exchanges.

Fair value measurements at December 31, 2024, are summarized below:

		Fair Value		Level 1		Level 2		Level 3
Cash and cash equivalents	$	732		732		-		-
Mutual funds		41,959		41,959		-		-
Total	$	42,691	$	42,691	$	-	$	-

4. Concentrations

During the year ended December 31, 2024, Douglass Community Services, Inc. received 96% of its cash generated revenue from federal grants. All completed grant projects are subject to review or audit by the grantor agency which could result in a disallowance of various project costs claimed. The amount of disallowed expenditures, if any, is not determinable at this time.

Douglass Community Services, Inc. maintains its cash in bank deposit accounts which, at times may exceed federally insured limits. The Agency has not experienced any losses in such accounts. The Agency believes it is not exposed to any significant credit risk on cash and cash equivalents.

5. Property and Equipment

The total property and equipment at December 31, 2024 is as follows:

Land	$	375,000
Building		3,790,327
Improvements		168,557
Equipment		368,530
Vehicles		102,370
		4,804,784
Less: Accumulated depreciation		(211,628)
Total	$	4,593,156

Depreciation expense for 2024 totaled $34,087.

In December 2024, the Agency completed the construction of a new building at 711 Grand Avenue for a total project cost of approximately $3,800,000. Approximately $3,500,000 of the project was funded by outside grants. Outside funding consisted of $2,000,000 from a Community Development Block Grant, $1,000,000 from a United States Department of Agriculture grant, and $500,000 from an American Rescue Plan Act grant.

6. Note Payable

The Agency has borrowed $475,000 from a local bank. The loan is payable over 5 years with a maturity date of June 24, 2026, and an interest rate of 4.25%. The loan balance at December 31, 2024 totaled $418,138. The note is secured by the two buildings owned by the Agency.

The amortization of loan principals is as follows:

2025	$	17,881
2026		400,257
Total	$	418,138

7. Line of Credit

The Agency has an available line of credit for $475,000 with F&M Bank and Trust Company which has a maturity date of June 28, 2025. Interest rate is prime rate plus 1% which at December 31, 2024 was 8.5%. The Agency had borrowed $205,599 as of December 31, 2024. The line of credit was not renewed upon maturity in 2025.

8. Defined Contribution Plan

Douglass Community Services, Inc. established a defined contribution plan during 1998. All employees who have worked 30 days are eligible to participate in the plan. Eligible employees who were employed on the last day of the year receive a profit sharing contribution from the Agency. The Agency's contribution rate in 2024 was between 4% and 10%. Total profit sharing contribution for the year ended December 31, 2024 was $404,426.

9. Leases

Douglass Community Services, Inc. leases facilities throughout Northeast Missouri to house their various programs under operating leases with 1 to 5 year initial terms. None of the leases include renewal options. The lease term is used for the amortization life of assets.

The following summarizes the line items in the Statement of Financial Position which include amounts related to leases as of December 31, 2024:

Leases	Classification		Amount
Assets			
Operating	Right-of-use assets	$	169,940
Total Lease Assets			169,940
Liabilities			
Current			
Operating	Lease liabilities		99,417
Noncurrent			
Operating	Lease liabilities		70,523
Total Lease Liabilities		$	169,940

9. Leases (Continued)

In addition, the Agency has entered into additional short-term leases. Total lease costs for the year ended December 31, 2024 was $193,444 which consisted of $121,440 of operating lease costs and $72,004 of short-term lease costs.

The weighted average lease term and discount rate as of December 31, 2024 were as follows:

Weighted Average Remaining Lease Term (years)	
Operating	1.29
Weighted Average Discount Rate	
Operating	1.74%

The following summarizes the cash flow information related to leases for the year ended December 31, 2024:

Cash Paid for Amounts Included in Measurement of Lease Liabilities		
Operating cash flows for operating leases	$	121,440
Lease Assets Obtained in Exchange for Lease Liabilities		
Operating	$	625,236

Future minimum lease payments under noncancelable leases as of December 31, 2024, are as follows:

2025	$	96,640
2026		44,740
2027		23,200
Total Lease Payments		164,580
Imputed Interest		5,360
Present Value of Lease Liabilities	$	169,940

Douglass Community Services, Inc.
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024

Federal Grantor/ Pass-through Grantor/ Program Title	Federal AL Number	Pass-through/ Grantor's Number	Federal Expenditures
Department of Agriculture			
(M) Community Facilities Grant Program	10.766		$ 904,841
Passed through Missouri Department of Health and Senior Services			
Child and Adult Care Food Program	10.558	ERS46110152	496,392
Passed through The Food Bank for Central & Northeast Missouri			
Food Distribution Center Cluster			
Emergency Food (Senior Food)	10.565		116,655
Emergency Food (Commodities)	10.569		199,043
Total Food Distribution Center Cluster and passed through The Food Bank for Central & Northeast Missouri			315,698
Total Department of Agriculture			1,716,931
Department of Health and Human Services			
(M) Head Start and Early Head Start	93.600	07CH011062	7,236,770
(M) EHS-CC Partnership and Expansion	93.600	07HP000353	1,042,435
Total Head Start			8,279,205
Passed through Missouri Department of Elementary and Secondary Education			
Childcare and Development Block Grant	93.575		296,343
Total Department of Health and Human Services			8,575,548
Corporation for National and Community Service			
Foster Grandparent Program	94.011	21SFEMO003	116,478
Foster Grandparent Program	94.011	24SFEMO001	76,796
Total Foster Grandparent Program			193,274
Retired Senior Volunteer Program	94.002	22SREMO001	81,606
Total Corporation for National and Community Service			274,880
Department of Housing and Urban Development			
Passed through Missouri Housing Development Commission			
Emergency Solutions Grant Program	14.231	24-723	92,500
Emergency Solutions Grant Program	14.231	25-722	16,455
Total passed through Missouri Housing Development Commission			108,955
Total Department of Housing and Urban Development			108,955
Department of Justice			
Passed through Missouri Department of Social Services			
Victims of Crime Act (VOCA)	16.575	ER130280035	50,683
Total Department of Justice			50,683
Total Expenditures of Federal Awards			$ 10,726,997

(M) - Denotes Major Program

Douglass Community Services, Inc.

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2024

1. Summary of Significant Accounting Policies

Basis of Presentation
The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Douglass Community Services, Inc. and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. Noncash Assistance

Nonmonetary assistance is reported in the accompanying Schedule of Expenditures of Federal Awards at the fair market value of the commodities received and dispersed.

3. Loans and Federal Insurance

Douglass Community Services, Inc. did not receive any loans or loan guarantees and had no federal insurance in effect during the year ended December 31, 2024.

4. Indirect Cost Rate

Douglass Community Services, Inc. used an approved negotiated indirect cost rate of 12.2% for the year ended December 31, 2024.

5. Subrecipients

Douglass Community Services, Inc. did not disburse any federal funds to subrecipients during the year ended December 31, 2024.

Douglass Community Services, Inc.

Schedule of Findings and Questioned Costs for Federal Awards

Year Ended December 31, 2024

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	____ Yes	X No
• Significant deficiencies identified that are not considered to be material weaknesses?	X Yes	____ None Reported
Noncompliance material to the combined financial statements noted?	____ Yes	X No

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	____ Yes	X No
• Significant deficiencies identified that are not considered to be material weakness(es)?	X Yes	____ No None Reported
Type of auditors' report issued on compliance for major federal programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ Yes	X No

Identification of major program:

AL Numbers	Name of Federal Program or Cluster
10.766	Community Facilities Grant Program
93.600	Head Start Cluster: Head Start Grant

Dollar threshold used to distinguish between type A and type B programs:	$750,000	
Auditee qualified as a low-risk auditee?	X Yes	____ No

II. Findings Relating to the Financial Statement Audit that are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

Finding 2024-001 – Lack of Segregation of Duties

Condition
The Agency had a lack of segregation of duties during the year ended December 31, 2024.

Criteria
Internal control procedures require that accounting functions should be segregated so that one person does not control more than one aspect of an accounting transaction. And when there are duties that are not segregated, compensating controls should be in place to overcome the risks related to a lack of segregation of duties.

Cause
During 2024, the Agency had a limited number of staff in the accounting department to be able to keep proper segregation of duties.

Effect
The Agency could not maintain segregation of duties.

Recommendation
When a lack of segregation of duties exists, management's close supervision and review of accounting information are the best means of preventing or detecting errors and irregularities.

Finding 2024-002 – Financial Statement Preparation

Condition
The Agency did not have an internal control policy in place over annual financial statement reporting that would enable management to prepare its annual financial statements including the Schedule of Expenditures of Federal Awards (SEFA) and ensure related footnote disclosures are complete and presented in accordance with the U.S. generally accepted accounting principles (GAAP).

Criteria
Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements including the related disclosures, in conformity with GAAP.

Effect
The potential exists that a material misstatement of the annual financial statements and SEFA could occur and not be prevented or detected by the Agency's internal controls.

Cause
The Agency relied on the audit firm to prepare the annual financial statements. However, they have reviewed and approved the annual financial statements and related footnote disclosures.

Recommendation
Management should evaluate their internal staff capacity to determine if an internal control policy over the annual financial reporting is beneficial.

Finding 2024-003 – Audit Adjustments

Condition
Several adjustments were required during the audit process for the financial statement to be in accordance with GAAP.

Criteria
Adequate internal controls over financial reporting requires close review of all balances to ensure they are in accordance with GAAP.

Cause
The deficiency is the result of the lack of reconciliations of general ledger accounts in a timely and accurate manner and in particular cash accounts. During the last half of the fiscal year, the Agency did not perform complete bank reconciliations for all of its bank accounts.

Effect
Reconciliation of accounts are a necessary control to prevent or detect misappropriation of cash or misstatements in financial reporting.

Recommendation
Management should make sure that the balance sheet accounts are being reconciled to supporting subsidiary ledgers or other relevant supporting documentation on a monthly basis.

III. Federal Award Findings and Questioned Costs

Finding 2024-001 – Lack of Segregation of Duties

Finding 2024-002 – Financial Statement Preparation

Finding 2024-003 – Audit Adjustments

See Section II – Financial Statement Findings
Federal Agency Program: All federal programs are affected.
Questioned costs: None

Douglass Community Services, Inc.
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2024

Finding 2023-001 – Lack of Segregation of Duties

Finding is repeated as Finding 2024-001 in fiscal year ended December 31, 2024.

Douglass COMMUNITY SERVICES
711 Grand Ave. Hannibal, MO 63401
909 Broadway Hannibal, MO 63401
573-221-3892 | Fax: 573.221.6196

Corrective Action Plan

Year Ended December 31, 2024

The findings from the December 31, 2024, Schedule of Findings and Questioned Costs – Major Federal Award Program are discussed below. The findings are numbered with the numbers assigned in the schedule.

Federal Award Program Audit Findings

Finding 2024-001 – Lack of Segregation of Duties

Corrective Action Plan
We acknowledge the audit finding regarding the lack of segregation of duties. To address this issue, we have developed the following corrective action plan:

1. Risk Assessment: We will conduct a risk assessment to identify all areas with Segregation of Duty conflicts.
2. Policy Implementation: Policies will be evaluated and will be established to clearly define roles and responsibilities, ensuring no single individual controls multiple aspects of critical financial transactions.
3. Duty Reassignment: We have also hired another position in the finance department with the start date of August 7, 2024. Responsibilities will be assigned among the staff to eliminate conflicts. Accounts Payable entry and check printing have been assigned to separate staff with the CFO reviewing both.
4. Training: Employees will receive training on the importance of Segregation of Duties and their specific roles under the new framework.
5. Monitoring: Regular internal audits and continuous monitoring will be implemented to ensure compliance with the new Segregation of Duties policies.

Anticipated Completion Date
We anticipate completing these actions by October 31, 2025.

Responsible Parties
Stephanie Cooper, Chief Executive Officer
909 Broadway
Hannibal, MO 63401
(573)221-3892

Finding 2024-002 – Financial Statement Preparation

Corrective Action Plan
A new CFO is in place and staff have received education. Financial statement preparation is now being completed in a timely and accurate manner.

Anticipated Completion Date
We have completed these steps.

Responsible Parties
Stephanie Cooper, Chief Executive Officer
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Finding 2024-003 – Audit Adjustments

Corrective Action Plan
A new CFO is in place and has caught up the reconciliations and is continuing to complete them in a timely manner.

Anticipated Completion Date
We have completed these steps.

Responsible Parties
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