

Northwestern Ohio Community Action Commission, Inc. and Subsidiaries

Consolidated Financial Statements and Supplemental Information

December 31, 2025

with Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

Board of Directors of
Northwestern Ohio Community Action Commission, Inc. and Subsidiaries
Defiance, Ohio

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Northwestern Ohio Community Action Commission, Inc. (a not-for-profit organization) and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2025, and the related consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Northwestern Ohio Community Action Commission, Inc. and Subsidiaries as of December 31, 2025, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Villas of Wayne Trail, LLC, a 99.94% owned subsidiary, whose financial statements reflect total assets of \$2,122,789, as of December 31, 2025, and total revenues of \$428,867, for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Villas of Wayne Trail, LLC, is based solely on the report of the other auditors.

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 Consolidated Financial Statements section of our report. We are required to be independent of Northwestern Ohio Community Action Commission, Inc. and Subsidiaries 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Northwestern Ohio Community Action Commission, Inc. and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the 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 Northwestern Ohio Community Action Commission, Inc. and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northwestern Ohio Community Action Commission, Inc. and Subsidiaries' 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 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*, and the consolidating schedules are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated August 13, 2026, on our consideration of Northwestern Ohio Community Action Commission, Inc. and Subsidiaries' 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 Northwestern Ohio Community Action Commission, Inc. and Subsidiaries' 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 Northwestern Ohio Community Action Commission, Inc. and Subsidiaries' internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
August 13, 2026

Northwestern Ohio Community Action Commission, Inc. and Subsidiaries
Consolidated Statement of Financial Position
December 31, 2025

Assets

Current assets:

Cash and cash equivalents	\$ 975,109
Marketable securities	684,570
Accounts receivable	25,101
Grants receivable	1,091,457
Weatherization inventory	141,803
Prepaid expenses	75,721
	<u>2,993,761</u>

Other assets:

Operating lease right-of-use asset	210,261
Restricted cash	127,110
Loans and interest receivable-related parties, net	2,020,000
Stock investments	100
	<u>2,357,471</u>

Property and equipment, net	<u>2,545,429</u>
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Total assets	\$ <u>7,896,661</u>
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Liabilities and Net Assets

Current liabilities:

Mortgage payable, current portion	\$ 17,626
Accounts payable	248,728
Accrued payroll and associated liabilities	296,730
Accrued expenses	59,273
Grant funds received in advance	40,614
Operating lease liability, current portion	17,261
	<u>680,232</u>

Long-term liabilities:

Mortgage payable, long-term portion	967,157
Unamortized debt issuance costs	(39,596)
Housing loans payable	2,570,000
Operating lease liability, long-term portion	194,185
	<u>3,691,746</u>

Total liabilities	<u>4,371,978</u>
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Net assets:

Without donor restrictions	3,312,583
With donor restrictions	212,100
Total net assets	<u>3,524,683</u>

Total liabilities and net assets	\$ <u>7,896,661</u>
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See accompanying notes to the consolidated financial statements.

Northwestern Ohio Community Action Commission, Inc. and Subsidiaries
Consolidated Statement of Activities
Year Ended December 31, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues:			
Grant revenue	\$ 500	12,042,781	12,043,281
Donations	55,328	62,489	117,817
Interest income	204,240	-	204,240
Program income	115,510	7,227	122,737
Rental income	454,403	-	454,403
Contributed nonfinancial assets	-	1,195,316	1,195,316
Net assets released from restrictions	<u>13,223,872</u>	<u>(13,223,872)</u>	<u>-</u>
 Total revenues	 <u>14,053,853</u>	 <u>83,941</u>	 <u>14,137,794</u>
Program expenses:			
Child development	6,645,745	-	6,645,745
Community services	2,010,520	-	2,010,520
Housing and homelessness	1,656,551	-	1,656,551
Weatherization and home repair	2,302,047	-	2,302,047
Other community activities	<u>202,925</u>	<u>-</u>	<u>202,925</u>
 Total program expenses	 12,817,788	 -	 12,817,788
Support services:			
Management and general	<u>1,103,428</u>	<u>-</u>	<u>1,103,428</u>
 Total expenses	 <u>13,921,216</u>	 <u>-</u>	 <u>13,921,216</u>
 Change in net assets before other income	 <u>132,637</u>	 <u>83,941</u>	 <u>216,578</u>
Other income:			
Investment returns	<u>93,940</u>	<u>-</u>	<u>93,940</u>
 Change in net assets	 226,577	 83,941	 310,518
 Net assets, beginning of year	 <u>3,086,006</u>	 <u>128,159</u>	 <u>3,214,165</u>
 Net assets, end of year	 \$ <u><u>3,312,583</u></u>	 <u><u>212,100</u></u>	 <u><u>3,524,683</u></u>

See accompanying notes to the consolidated financial statements.

Northwestern Ohio Community Action Commission, Inc. and Subsidiaries
Consolidated Statement of Functional Expenses
Year Ended December 31, 2025

	<u>Program</u>	<u>Management and General</u>	<u>Total</u>
Personnel	\$ 5,007,096	580,104	5,587,200
Consultants/contractual	382,509	95,064	477,573
Travel	159,636	17,055	176,691
Space	611,625	21,321	632,946
Supplies	561,133	20,238	581,371
Equipment	38,706	7,478	46,184
Lease and maintenance of equipment	68,733	17,609	86,342
Weatherization materials	887,180	-	887,180
Direct assistance	1,306,232	1,863	1,308,095
Provision for loan loss	204,240	-	204,240
Contributed nonfinancial assets	1,195,316	-	1,195,316
Other costs	<u>2,395,382</u>	<u>342,696</u>	<u>2,738,078</u>
 Total expenses	 \$ <u>12,817,788</u>	 <u>1,103,428</u>	 <u>13,921,216</u>

See accompanying notes to the consolidated financial statements.

Northwestern Ohio Community Action Commission, Inc. and Subsidiaries
Consolidated Statement of Cash Flows
Year Ended December 31, 2025

Cash from operating activities:	
Change in net assets	\$ 310,518
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	209,159
Amortization of debt issuance costs	1,804
Realized and unrealized gain on marketable securities	(80,840)
Provision for loan loss expense, net of collections	204,240
Interest income on affiliated loans receivable	(204,240)
Effects of changes in operating assets and liabilities:	
Accounts receivable	2,889
Grants receivable	72,591
Weatherization inventory	(15,179)
Prepaid expenses	(7,237)
Operating lease right-of-use asset	20,538
Accounts payable	(108,213)
Accrued payroll and associated liabilities	(190,314)
Accrued expenses	1,380
Operating lease liabilities	(20,701)
Grant funds received in advance	<u>(1,474,870)</u>
Net cash from operating activities	<u>(1,278,475)</u>
Cash from investing activities:	
Net withdrawals from marketable securities	8,667
Purchase of property and equipment	<u>(294,763)</u>
Net cash from investing activities	<u>(286,096)</u>
Cash flows from financing activities:	
Principal payments on mortgage payable	<u>(16,330)</u>
Net change in cash and cash equivalents and restricted cash	(1,580,901)
Cash and cash equivalents and restricted cash, beginning of year	<u>2,683,120</u>
Cash and cash equivalents and restricted cash, end of year	\$ <u><u>1,102,219</u></u>
Reconciliation of cash and cash equivalents and restricted cash within the Consolidated Statement of Financial Position	
Cash and cash equivalents	\$ 975,109
Restricted cash	<u>127,110</u>
Cash and cash equivalents and restricted cash shown in the Consolidated Statement of Cash Flows	\$ <u><u>1,102,219</u></u>
Supplemental disclosure of cash flow information:	
Interest paid	\$ <u>76,120</u>
Non-cash disposal of property and equipment:	
Disposal of property and equipment:	
Original cost of disposed property and equipment	\$ <u>55,822</u>
Accumulated depreciation of disposed property and equipment	\$ <u><u>(55,822)</u></u>

See accompanying notes to the consolidated financial statements.

1. ORGANIZATION:

Northwestern Ohio Community Action Commission, Inc. (NOCAC, the "Organization") was organized as a nonprofit corporation in 1965. NOCAC was formed to develop and provide resources for the purpose of assisting low-income individuals through a variety of programs. NOCAC is primarily supported through federal and state government grants. Major classes of programs include child and adult care food program, weatherization, home energy assistance, community services block grant, publicly funded childcare, Head Start, homeless crisis response, and early childhood education.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Principles of consolidation

The consolidated financial statements include the accounts of NOCAC's majority owned subsidiaries. All significant intercompany transactions and balances have been eliminated in the consolidation. The consolidated financial statements include the accounts of the following subsidiaries at December 31, 2025:

Northwest Ohio Housing Corporation (the Corporation) was formed in 2004, under the laws of the State of Ohio, as a for-profit corporation for the purpose of developing low-income tax credit housing projects. NOCAC has controlling ownership in this corporation as it is owned 75% by NOCAC. The Corporation has a 51% general partner ownership in each of the following housing projects: Paigelynn Place, LLC, Villas of Wayne Trail, LLC, Defiance Crossing, LP and Bryan Community Housing, LP (collectively "the limited partnerships"). The non-controlling interest is considered immaterial to the consolidated financial statements.

Villas of Wayne Trail, LLC was formed in March 2005, under the laws of the State of Ohio, for the purpose of constructing and operating a 42-unit low-income housing project located in Defiance, Ohio. NOCAC has controlling ownership in this partnership as it is owned 99.9% by NOCAC, Investor Member, and 0.0508725% by Northwest Ohio Housing Corporation, Project Member.

Basis of accounting

The consolidated financial statements of Northwestern Ohio Community Action Commission, Inc. and Subsidiaries (the Organization) are prepared using the accrual basis of accounting.

Basis of presentation

The consolidated financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (GAAP), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.
- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions that are likely to be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. There were no funds required to be maintained in perpetuity at December 31, 2025.

Use of estimates

The preparation of the consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates are used in preparing the consolidated financial statements, including the Organization's estimated present value of the operating lease liability (see Note 11) and the provision for credit losses on the notes receivable, related party (see Note 6).

Income taxes

Northwestern Ohio Community Action Commission, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the NOCAC's tax-exempt purpose is subject to taxation as unrelated business income. The NOCAC's informational returns are subject to audit by federal and state taxing authorities. No income tax provision has been included in the consolidated financial statements.

Villas of Wayne Trail, LLC is a separate entity for tax purposes and taxed as a partnership. No provision or benefits for income taxes have been included in these consolidated financial statements since income passes through to the members of the partnership.

Northwest Ohio Housing Corporation is an Ohio corporation that is subject to income taxes. The activity of the corporation is reported separately for tax purposes. Any income tax owed by Northwest Ohio Housing Corporation is expected to be immaterial to the consolidated financial statements.

Revenue recognition

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicitly identified barrier, which is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barriers to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

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

Contributed non-financial assets are recorded at fair value and represent donated materials, space and services that create or enhance nonfinancial assets or require specialized skills.

Revenue recognition (continued)

Grant Awards That Are Contributions

Grants that qualify as contributions are recorded as invoiced to the funding sources in accordance with the terms of the award and Accounting Standards Codification (ASC) Topic 605. Revenue is recognized in the accounting period when the related expenses are incurred or conditions are met. Amounts received or receivable in excess of expenses are reflected as grant funds received in advance.

Grant Awards That Are Exchange Transactions

Exchange transactions are reimbursed based on a predetermined rate for services performed in accordance with the terms of the award and ASC Topic 606. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability. The Organization has no grant awards that are exchange transactions.

Program Income

The Organization recognizes revenue from exchange transactions from contracts with customers which includes background checks.

Background checks

The Organization considers the performance obligation to be providing the results of the background check, and the performance obligation is satisfied when these services are provided. The Organization recognizes revenue at a point in time when the service is completed.

Interest Income

Interest income is recognized in the accounting period when it is received. NOCAC maintains funds received from various sources in an interest-bearing checking account. The portion of interest earned greater than \$500 on advances of direct federal funds is remitted to the Department of Health and Human Services Payment Management System in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The interest earned on other funds is included in without donor restrictions funds and is used to support the Organization's programs.

Rental Income

Rental income is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the Organization and its tenants are typically one year or less.

Cash and cash equivalents

Cash and cash equivalents consist of cash in operating bank accounts and money market investment accounts for consolidated statement of cash flow purposes.

Restricted cash

Northwestern Ohio Community Action Commission, Inc. and Subsidiaries have excluded balances from cash which are restricted by United States Department of Agriculture (RD), loan documents or disclosed separately based on industry practice. Restricted cash has been established in amounts considered by the Organization to be adequate and in accordance with the Partnership and Regulatory Agreements.

Grants and accounts receivable

Accounts receivable consists primarily of amounts billed under performance contracts. Grants receivable represent amounts to be reimbursed by grant funding for costs already incurred. Amounts are reviewed for collectability by management and an allowance for credit losses is recorded as needed based on collection history and customer attributes. The Organization considers these receivables to be collectible and, therefore, deems an allowance for credit losses to be immaterial to the financial statements. If amounts become uncollectible, they will be charged to operations when that determination is made.

Functional expense allocation and joint costs

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting function of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Cost allocation methods are as follows:

Personnel: Most employees are charged to programs based on actual hours when possible. For positions where actual hours are allocated to programs, time is charged on the number of employees, number of transactions, number of children, number of applications, or number of providers/families, whichever is most representative for each employee's job description.

Space costs: Space costs (maintenance, depreciation, insurance, etc.) are allocated based on the number of square feet of space each program occupies. Space occupied by administrative staff is allocated to all grants based on time allocations.

Other costs: Other costs are allocated on a full-time equivalency basis.

Weatherization inventory

Weatherization inventory is stated at the lower of cost, determined by the first-in, first-out (FIFO) method, or net realizable value.

Loans and interest receivable – related parties

The Organization has received grant awards from the State of Ohio for housing development. The Organization has loaned these funds to various affiliated limited partnerships (see Note 5). The Organization assesses the collectability of these loans based on the financial condition of the affiliates. As of December 31, 2025, the Organization has elected to record an allowance for loan losses of \$2,331,068 due to the uncertain collectability of the interest receivable balances. The loan loss expense for housing loans was \$204,240 for the year ended December 31, 2025.

Property and equipment

Property and equipment are capitalized at cost when purchased and at fair value when donated. Depreciation is provided using the straight-line method over the estimated useful life of the asset. The Organization considers property and equipment to be items with a cost of \$5,000 or more and a useful life of over one year.

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

Investment in affiliated partnerships

The investment in the affiliated partnerships is recorded using the equity method and the investment is adjusted for the Organization's proportional share of undistributed earnings or losses as of the fiscal year end of the limited partnership which is December 31. The Organization is liable for its proportionate share of any losses in the limited partnership. The equity method of accounting is suspended if the investment is reduced to zero unless the Organization has guaranteed obligations of the investee or is otherwise committed to provide further financial support of the investee. As of December 31, 2025, the investment in equity method of accounting has been suspended.

Leases

The Organization leases buildings and equipment. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the consolidated statement of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate when it is readily determinable. When the Organization's leases do not provide an implicit rate, to determine the present value of lease payments, management uses the risk-free rate based on the information available at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain the option will be exercised.

Subsequent events

The Organization evaluates events and transactions occurring subsequent to the date of the consolidated financial statements for matters requiring recognition or disclosure in the consolidated financial statements. The accompanying consolidated financial statements consider events through August 13, 2026, the date which the consolidated financial statements were available to be issued.

3. MARKETABLE SECURITIES:

The following is a summary of marketable securities at December 31, 2025:

	<u>Cost</u>	<u>Fair Value</u>
Exchange-traded funds	\$ 63,910	73,827
Mutual funds	<u>537,707</u>	<u>610,743</u>
	<u>\$ 601,617</u>	<u>684,570</u>

Due to current market conditions as well as the trading activity of these securities, the market value of the securities is extremely sensitive to assumption changes and market volatility. Accordingly, it is at least reasonably possible that changes in values will occur in the near-term, which could be material.

3. MARKETABLE SECURITIES (CONTINUED):

Investment returns is summarized as follows at December 31, 2025:

Interest income, net	\$ 13,100
Realized and unrealized gain	<u>80,840</u>
Investment returns	<u>\$ 93,940</u>

4. GRANTS RECEIVABLE:

The grants receivable balance as of December 31, 2025, represents amounts due from various funding sources as follows:

Federal programs	\$ 858,818
State and local programs	<u>232,639</u>
	<u>\$ 1,091,457</u>

5. LOANS AND INTEREST RECEIVABLE – RELATED PARTIES, NET:

As of December 31, 2025, the Organization had the following outstanding receivable balances with related parties:

	<u>Notes Receivable</u>	<u>Interest Receivable</u>
Bryan Community Housing LP, interest computed at 1% compounded semi-annually, due December 2046.	\$ 700,000	\$ 70,524
Defiance Crossing LP, interest computed at 5% compounded semi-annually, due December 2040.	550,000	534,231
Paigelynn Place LLC, interest computed at 6% compounded semi-annually, due December 2036.	<u>770,000</u>	<u>1,726,313</u>
	2,020,000	2,331,068
Allowance for loan losses	<u>-</u>	<u>(2,331,068)</u>
Loans and interest receivable - related parties, net	<u>\$ 2,020,000</u>	<u>\$ -</u>

6. FINANCING RECEIVABLES AND THE ALLOWANCE FOR LOAN LOSSES:

The Organization considers the portfolio of loans receivable in Note 5 to related tax credit projects to be impaired due to the uncertainty in cash flow of the borrower and the ultimate outcome and valuation on the transfer of the property at year fifteen which is used to settle any unpaid amounts due on the loan. Principal and interest payments are contingent based on cash flow of the tax credit projects and therefore, are not considered past due according to the Organization's policy and terms of the loans. The Organization's recorded investment in impaired loans that have a related allowance for loan losses at December 31, 2025 was \$2,331,068. The amount of interest income recognized on impaired loans during the year ended December 31, 2025 was \$204,240 of which a provision for loan loss expense of \$204,240 has been recorded.

7. RESTRICTED CASH:

Restricted cash included the following accounts at December 31, 2025:

Tenant security deposits	\$ 30,099
Replacement reserves	70,754
Tax and insurance escrows	<u>26,257</u>
Restricted cash	<u>\$ 127,110</u>

8. PROPERTY AND EQUIPMENT:

A summary of property and equipment as of December 31, 2025, is as follows:

Land, buildings and improvements	\$ 4,552,378
Vehicles	1,296,997
Furniture and fixtures	82,228
Equipment	<u>238,260</u>
Subtotal	6,169,863
Accumulated depreciation	<u>(3,624,434)</u>
Property and equipment, net	<u>\$ 2,545,429</u>

9. HOUSING LOANS PAYABLE:

NOCAC has received funding awards from the Ohio Housing Finance Agency (OHFA) to provide loans to low-income tax credit partnerships. These loans are repayable to OHFA as funds are repaid to NOCAC.

Housing loans payable consists of the following as of December 31, 2025:

Housing loan payable to the Ohio Housing Finance Agency (OHFA), with principal and interest based on cash flows and due from Bryan Community Housing LP. Final maturity is December 2046.	\$ 700,000
Housing loan payable to OHFA, with principal and interest based on cash flows and due from Defiance Crossing LP. Final maturity is December 2040.	550,000

9. HOUSING LOANS PAYABLE (CONTINUED):

Housing loan payable to OHFA, with principal and interest based on cash flows and due from Paigelynn Place LLC. Final maturity is December 2036.	770,000
Housing loan payable to OHFA, with principal and interest based on cash flows and due from Villas of Wayne Trail, LLC. Final maturity is December 2048.	<u>550,000</u>
Housing loans payable	\$ <u>2,570,000</u>

The Organization has placed the housing loans payable on nonaccrual status as payments are contingent based on cash flow of the low-income tax credit housing projects. Accrued interest for the notes payable would be \$2,948,326 at December 31, 2025.

10. MORTGAGE PAYABLE:

Villas of Wayne Trail, LLC - Mortgage note payable, in the original amount of \$1,150,000, bearing interest at 7.66%, payable in 480 monthly installments, including interest, of \$7,704 commencing March 1, 2008 through February 2048. In addition, monthly deposits for taxes, insurance, and replacement of depreciable property are required and will be held by the mortgagee. A Loan Note Guarantee issued by the United States Department of Agriculture guarantees the mortgage under the Section 538 Loan Guarantee Program up to \$1,035,000 and provides for an interest reduction subsidy. This subsidy reduces the effective interest rate to 5.16% and is reported as a reduction of interest expense and included in other costs on the accompanying consolidated statement of activities in the amount of \$24,809 for 2025. Substantially all of the property and equipment is pledged as collateral on the mortgage.

Annual principal payments on the notes after December 31, 2025 are due as follows:

<u>Year ended December 31,</u>	<u>Amount</u>
2026	\$ 17,626
2027	19,024
2028	20,534
2029	22,163
2030	23,922
Thereafter	<u>881,514</u>
Total	\$ <u>984,783</u>

11. LEASES:

The Organization leases certain buildings and equipment at various terms under long-term non-cancelable operating lease agreements. The leases expire at various dates through 2037 and provide for various renewal options. The Organization includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. Certain leases provide for increases in future minimum annual rental payments.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis. There were no short-term leases for the year ended December 31, 2025.

Total operating lease costs for the year ended December 31, 2025 was \$27,086 and is included in space expense on the consolidated statement of functional expenses.

The following table summarizes the supplemental cash flow information for the year ended December 31, 2025:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 27,248

The following summarizes the weighted-average remaining lease term and weighted-average discount rate:

Weighted-Average Remaining Lease Term (years)	11.22
Weighted-Average Discount Rate	2.95%

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of December 31, 2025:

2026	\$ 23,219
2027	23,219
2028	22,260
2029	21,300
2030	21,300
Thereafter	136,675
Total lease payments	247,973
Less: present value discount	(36,527)
Less: current portion	(17,261)
	<u>\$ 194,185</u>

12. RETIREMENT PLAN:

The Organization established a 403(b)-retirement plan, effective January 1, 1988, that covers all employees who work a minimum of 20 hours per week. Eligible employees receive matching contributions from the Organization after 90 days of employment up to 6% of annual wages. The Organization's contribution to the plan totaled \$220,411 in 2025.

13. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available for the following purposes as of December 31, 2025:

Subject to expenditure for specific purpose:	
Community services	\$ 103,059
Housing and homelessness	76,589
Weatherization and home repair	<u>32,452</u>
Total net assets with donor restrictions:	\$ <u>212,100</u>

14. CONTRIBUTED NONFINANCIAL ASSETS:

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. The Organization received professional services valued at \$176,037 for the year ended December 31, 2025. The professional services are recorded at the estimated fair value of current rates for similar services.

The Organization uses various facilities for which no rent is paid, or a nominal fee is paid to cover utilities as well as receiving donated equipment. The estimated fair value of donated facilities and equipment is \$181,455 for the year ended December 31, 2025. In valuing the contributed space, the Organization estimated the fair value on the basis of comparable rental rates less any amounts paid for rents.

The contributed non-financial matching dollars for Early Childhood Education funds of \$837,824 for the year ended December 31, 2025, are related to Head Start eligible children that are also funded through the Early Childhood Education grant. The value of the contributed non-financial funds is equal to the grant amount received for these children.

Additional donated services have not been recognized in the consolidated financial statements as they did not meet the criteria for recognition, however, are still able to be used to meet programmatic matching requirements. The fair value of donated services received for the Head Start program but not recognized totaled \$1,072,683.

15. CONCENTRATION OF RISK:

The Organization depends on grants from federal, state and local sources for its continued existence. The Head Start Program, funded through the Department of Health and Human Services, the Home Energy Assistance Program, funded through the Ohio Development Services Agency, and the Weatherization Assistance for Low-Income Persons Program, funded through the Ohio Development Services Agency, provide approximately 34%, 15%, and 9%, respectively, of the Organization's revenues.

16. COMMITMENTS AND CONTINGENCIES:

NOCAC participates in a number of federally assisted and state grant programs. These programs are subject to program compliance audits by the grantors and their representatives. Any disallowed costs may constitute a liability of NOCAC. Grant commitments consisted of approximately \$6,350,000 as of December 31, 2025.

17. FAIR VALUE MEASUREMENTS:

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- *Level 1 inputs* utilize quoted prices in active markets for identical assets or liabilities.
- *Level 2 inputs* are based on significant other observable inputs.
- *Level 3 inputs* are based on significant unobservable inputs.

Fair value methods and assumptions are set forth below for each type of investment.

Exchange-traded Funds (ETFs): Valued at the last sales price or official closing price on the exchange or primary market on which they trade. ETFs hold assets such as stock, commodities, or bonds and are designed to trade close to their net asset value.

Mutual Funds: Valued at the daily net asset value (NAV) published by the U.S. Securities and Exchange Commission. The mutual funds held by the Organization are deemed to be actively traded.

Fair values of mutual funds and exchange-traded funds are determined by obtaining quoted prices on nationally recognized securities exchanges.

<u>Description</u>	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>12/31/25</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Marketable securities:				
Exchange-traded funds	\$ 73,827	73,827	-	-
Mutual funds:				
Equity growth	128,379	128,379	-	-
Equity value	99,485	99,485	-	-
Equity international	91,468	91,468	-	-
Fixed income bond	291,411	291,411	-	-
Total marketable securities	\$ <u>684,570</u>	<u>684,570</u>	<u>-</u>	<u>-</u>

18. CONTRACTS WITH CUSTOMERS:

Revenue from contracts with customers includes background checks which are recorded at a point in time. Revenue from contracts with customers for the year are as follows:

Performance obligations satisfied at a point in time	\$	29,521
Performance obligations satisfied over time	\$	-

At December 31, 2025 and January 01, 2025 there were no contract assets or contract liabilities related to the contracts with customers.

19. AVAILABILITY OF FINANCIAL ASSETS:

The Organization is substantially supported by federal, state and local grant and contract revenue and earned revenue generated from the Organization's programs. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in marketable securities as deemed appropriate.

Financial assets:

Cash and cash equivalents	\$	975,109
Restricted cash		127,110
Marketable securities		684,570
Accounts receivable		25,101
Grants receivable		<u>1,091,457</u>
Financial assets available at year-end		2,903,347

Less those unavailable for general expenditures within one year due to:

Donor-imposed or regulatory restrictions:

Assets subject to expenditure for specific purpose	(212,100)
Rural development housing reserves	(97,011)
Tenant security deposit obligations	<u>(30,099)</u>

Financial assets available to meet cash needs

for general expenditures within one year	\$ <u><u>2,564,137</u></u>
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Northwestern Ohio Community Action Commission, Inc. and Subsidiaries
Consolidating Schedule of Financial Position
December 31, 2025

	NOCAC	Villas of Wayne Trail	Eliminations	Consolidated
Assets				
Current assets:				
Cash and cash equivalents	\$ 685,960	289,149	-	975,109
Marketable securities	684,570	-	-	684,570
Accounts receivable	292	24,809	-	25,101
Grants receivable	1,091,457	-	-	1,091,457
Weatherization inventory	141,803	-	-	141,803
Prepaid expenses	52,750	22,971	-	75,721
	<u>2,656,832</u>	<u>336,929</u>	<u>-</u>	<u>2,993,761</u>
Other assets:				
Operating lease right-of-use asset	210,261	-	-	210,261
Restricted cash	-	127,110	-	127,110
Loans and interest receivable-related parties, net	2,570,000	-	(550,000)	2,020,000
Stock investments	100	-	-	100
	<u>2,780,361</u>	<u>127,110</u>	<u>(550,000)</u>	<u>2,357,471</u>
Property and equipment, net	<u>886,679</u>	<u>1,658,750</u>	<u>-</u>	<u>2,545,429</u>
Total assets	<u>\$ 6,323,872</u>	<u>2,122,789</u>	<u>(550,000)</u>	<u>7,896,661</u>
Liabilities and Net Assets				
Current liabilities:				
Mortgage payable, current portion	\$ -	17,626	-	17,626
Accounts payable	223,684	25,044	-	248,728
Accrued payroll and associated liabilities	296,730	-	-	296,730
Accrued expenses	-	59,273	-	59,273
Grant funds received in advance	40,614	-	-	40,614
Operating lease liability, current portion	17,261	-	-	17,261
	<u>578,289</u>	<u>101,943</u>	<u>-</u>	<u>680,232</u>
Long-term liabilities:				
Mortgage payable, long-term portion	-	1,517,157	(550,000)	967,157
Unamortized debt issuance costs	-	(39,596)	-	(39,596)
Housing loans payable	2,570,000	-	-	2,570,000
Operating lease liability, long-term portion	194,185	-	-	194,185
	<u>2,764,185</u>	<u>1,477,561</u>	<u>(550,000)</u>	<u>3,691,746</u>
Total liabilities	<u>3,342,474</u>	<u>1,579,504</u>	<u>(550,000)</u>	<u>4,371,978</u>
Net assets:				
Without donor restrictions	2,769,298	543,285	-	3,312,583
With donor restrictions	212,100	-	-	212,100
Total net assets	<u>2,981,398</u>	<u>543,285</u>	<u>-</u>	<u>3,524,683</u>
Total liabilities and net assets	<u>\$ 6,323,872</u>	<u>2,122,789</u>	<u>(550,000)</u>	<u>7,896,661</u>

See independent auditors' report.

Northwestern Ohio Community Action Commission, Inc. and Subsidiaries
Consolidating Schedule of Activities
Year Ended December 31, 2025

	NOCAC	Villas of Wayne Trail	Eliminations	Consolidated
Revenues:				
Grant revenue	\$ 12,043,281	-	-	12,043,281
Donations	117,817	-	-	117,817
Interest income	257,307	-	(53,067)	204,240
Program income	125,342	5,008	(7,613)	122,737
Rental income	30,544	423,859	-	454,403
Contributed nonfinancial assets	1,195,316	-	-	1,195,316
Total revenues	13,769,607	428,867	(60,680)	14,137,794
Program expenses:				
Personnel	4,952,244	54,852	-	5,007,096
Consultants/contractual	382,509	-	-	382,509
Travel	159,636	-	-	159,636
Space	469,526	142,099	-	611,625
Supplies	561,133	-	-	561,133
Equipment	38,706	-	-	38,706
Lease and maintenance of equipment	68,733	-	-	68,733
Weatherization materials	887,180	-	-	887,180
Direct assistance	1,306,232	-	-	1,306,232
Provision for loan loss	257,307	-	(53,067)	204,240
Contributed nonfinancial assets	1,195,316	-	-	1,195,316
Other costs	2,174,047	228,948	(7,613)	2,395,382
Total program expenses	12,452,569	425,899	(60,680)	12,817,788
Support services:				
Management and general	1,080,586	22,842	-	1,103,428
Total expenses	13,533,155	448,741	(60,680)	13,921,216
Change in net assets before other income	236,452	(19,874)	-	216,578
Other income:				
Investment returns	93,940	-	-	93,940
Total other income	93,940	-	-	93,940
Change in net assets	330,392	(19,874)	-	310,518
Net assets, beginning of year	2,651,006	563,159	-	3,214,165
Net assets, end of year	\$ 2,981,398	543,285	-	3,524,683

See independent auditors' report.

Northwestern Ohio Community Action Commission, Inc. and Subsidiaries
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2025

Federal Grantor Program Title	Assistance Listing Number (ALN)	Funding Source/ Pass-Through Entity	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture:</u>				
Child and Adult Care Food Program	10.558	State of Ohio, Dept. of Educ.	073387	\$ 244,573
Child Nutrition Cluster:				
Summer Food Service Program for Children	10.559	State of Ohio, Dept. of Educ.	073387	37,736
Total U.S. Department of Agriculture				282,309
<u>U.S. Department of Housing and Urban Development:</u>				
Emergency Solutions Grant Program	14.231	Ohio Department of Development	N-D-24-6AQ-4 / S-L-23-6AQ-2	338,196
Continuum of Care Program	14.267	U.S. Department of Housing and Urban Development	N/A	326,268
Section 8 Program Cluster:				
Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	14.856	Henry Metro Housing	OH12-K084-001	15,499
Total U.S. Department of Housing and Urban Development				679,963
<u>U.S. Department of Energy:</u>				
Weatherization Assistance for Low- Income Persons	81.042	Ohio Department of Development	DOE-25-113	118,404
Weatherization Assistance for Low- Income Persons	81.042	Ohio Department of Development	DOE-24-113	178,068
Weatherization Assistance for Low- Income Persons	81.042	Ohio Department of Development	23-BIL-113	990,928
Weatherization Assistance for Low- Income Persons	81.042	Ohio Department of Development	DOE-25-HR-113	13,670
Weatherization Assistance for Low- Income Persons	81.042	Ohio Department of Development	DOE-24-HR-113	27,359
Total Federal Expenditures ALN 81.042				1,328,429
Total U.S. Department of Energy				1,328,429
<u>U.S. Department of Health and Human Services:</u>				
Temporary Assistance for Needy Families	93.558	Defiance/Paulding Counties Consolidated JFS	N/A	135,781
Temporary Assistance for Needy Families	93.558	Williams County Job and Family Services	N/A	21,727
Temporary Assistance for Needy Families	93.558	Van Wert County Job and Family Services	N/A	11,075
Temporary Assistance for Needy Families	93.558	Fulton County Job and Family Services	N/A	10,000
Temporary Assistance for Needy Families	93.558	Auglaize County Job and Family Services	N/A	32,123
Temporary Assistance for Needy Families	93.558	Hancock County Job and Family Services	N/A	33,851
Total Federal Expenditures ALN 93.558				\$ 244,557

Northwestern Ohio Community Action Commission, Inc. and Subsidiaries
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2025

Federal Grantor Program Title	Assistance Listing Number	Funding Source/ Pass-Through Entity	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Health and Human Services (Continued):</u>				
Low Income Home Energy Assistance Program (Home Weatherization Assistance)	93.568	Ohio Department of Development	25-HE-113	\$ 108,609
Low Income Home Energy Assistance Program (Home Weatherization Assistance)	93.568	Ohio Department of Development	24-HE-113	388,765
Low Income Home Energy Assistance Program (Home Weatherization Assistance Enhancement)	93.568	Ohio Department of Development	25-HE-113	110,874
Low Income Home Energy Assistance Program (Home Weatherization Assistance Enhancement)	93.568	Ohio Department of Development	24-HE-113	39,221
Low Income Home Energy Assistance Program	93.568	Ohio Department of Development	RHBG-2024-117	95,038
Low Income Home Energy Assistance Program	93.568	Ohio Department of Development	RHBG-2025-117	17,735
Low Income Home Energy Assistance Program	93.568	Ohio Department of Development	WCP-2025-117	302,782
Low Income Home Energy Assistance Program	93.568	Ohio Department of Development	WCP-2026-117	215,788
Low Income Home Energy Assistance Program	93.568	Ohio Department of Development	SCP-2025-117	293,349
Low Income Home Energy Assistance Program	93.568	Ohio Department of Development	HEAP 2026-117	170,244
Low Income Home Energy Assistance Program	93.568	Ohio Department of Development	HEAP 2025-117	<u>353,558</u>
Total Federal Expenditures ALN 93.568				<u>2,095,963</u>
Community Services Block Grant	93.569	Ohio Department of Development	2025-18	<u>475,431</u>
<u>CCDF Cluster:</u>				
Child Care and Development Block Grant	93.575	Williams County Job and Family Services	N/A	12,761
Child Care and Development Block Grant	93.575	Fulton County Job and Family Services	N/A	64,407
Child Care and Development Block Grant	93.575	Van Wert County Job and Family Services	N/A	19,773
Child Care and Development Block Grant	93.575	Auglaize County Job and Family Services	N/A	18,501
Child Care and Development Block Grant	93.575	Defiance/Paulding Counties Consolidated JFS	N/A	73,850
Child Care and Development Block Grant	93.575	Hancock County Job and Family Services	N/A	57,557
Child Care and Development Block Grant	93.575	Hardin County Job and Family Services	N/A	55,364
Child Care and Development Block Grant	93.575	Putnam County Job and Family Services	N/A	<u>7,958</u>
Total Federal Expenditures ALN 93.575				<u>310,171</u>
<u>Head Start Cluster:</u>				
Head Start	93.600	U.S. Dept. of Health and Human Services	N/A	<u>4,794,942</u>
Total Federal Expenditures ALN 93.600				<u>4,794,942</u>
Total U.S. Department of Health and Human Services				<u>7,921,064</u>
Total Expenditures of Federal Awards				<u>\$ 10,211,765</u>

1. BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Northwestern Ohio Community Action Commission, Inc. and Subsidiaries under programs of the federal government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Northwestern Ohio Community Action Commission, Inc. and Subsidiaries, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Northwestern Ohio Community Action Commission, Inc. and Subsidiaries.

2. SIGNIFICANT ACCOUNTING POLICIES:

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

(2) Northwestern Ohio Community Action Commission, Inc. and Subsidiaries has elected not to use the de minimis indirect cost rate as allowed under the Uniform Guidance.

(3) There are no awards passed through to subrecipients.

(4) Pass-through identifying numbers are presented where available.

**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**

Board of Directors
Northwestern Ohio Community Action Commission, Inc. and Subsidiaries
Defiance, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Northwestern Ohio Community Action Commission, Inc. and Subsidiaries (a nonprofit organization) which comprise the consolidated statement of financial position as of December 31, 2025, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 13, 2026. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters related to Villas of Wayne Trail, LLC that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Northwestern Ohio Community Action Commission, Inc. and Subsidiaries' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Northwestern Ohio Community Action Commission, Inc. and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of the Northwestern Ohio Community Action Commission, Inc. and Subsidiaries' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 have not been identified.

Report on Compliance and Other Matters

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

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 Northwestern Ohio Community Action Commission, Inc. and Subsidiaries' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Northwestern Ohio Community Action Commission, Inc. and Subsidiaries' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
August 13, 2026

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

Board of Directors
Northwestern Ohio Community Action Commission, Inc. and Subsidiaries
Defiance, Ohio

Report on Compliance for Each Major Federal Program***Opinion on Each Major Federal Program***

We have audited Northwestern Ohio Community Action Commission, Inc. and Subsidiaries' compliance with the types of compliance requirements identified to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Northwestern Ohio Community Action Commission, Inc. and Subsidiaries' major federal programs for the year ended December 31, 2025. Northwestern Ohio Community Action Commission, Inc. and Subsidiaries' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Northwestern Ohio Community Action Commission, Inc. and Subsidiaries 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, 2025.

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 Northwestern Ohio Community Action Commission, Inc. and Subsidiaries 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 Northwestern Ohio Community Action Commission, Inc. and Subsidiaries' 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 Northwestern Ohio Community Action Commission, Inc. and Subsidiaries' 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 Northwestern Ohio Community Action Commission, Inc. and Subsidiaries' 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 judgment made by a reasonable user of the report on compliance about Northwestern Ohio Community Action Commission, Inc. and Subsidiaries' 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 Northwestern Ohio Community Action Commission, Inc. and Subsidiaries' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Northwestern Ohio Community Action Commission, Inc. and Subsidiaries' 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 Northwestern Ohio Community Action Commission, Inc. and Subsidiaries' internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
August 13, 2026

Northwestern Ohio Community Action Commission, Inc. and Subsidiaries
Schedule of Findings and Questioned Costs
Year Ended December 31, 2025

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

Material weakness identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency identified not considered to be a material weakness?	<u> </u> Yes	<u> X </u> None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Type of auditors' report issued on compliance for major programs: unmodified

Internal control over compliance:

Material weakness identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency identified not considered to be a material weakness?	<u> </u> Yes	<u> X </u> None reported

Any audit findings disclosed that are required to be reported in accordance with the 2 CFR Section 200.516(a)? Yes X No

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
93.568	Low-Income Home Energy Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs: \$1,000,000

Auditee qualified as low-risk auditee? X Yes No

Financial Statement Findings

There were no findings relative to the consolidated financial statements.

Federal Award Findings and Questioned Costs

There were no findings or questioned costs relative to federal awards.

Prior Year Findings

None reported

