CACAPON INSTITUTE, INC

FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

CONTENTS

DECKER & COMPANY PLLC
CERTIFIED PUBLIC ACCOUNTING
Warm Springs Business Center · 64 Warm Springs Avenue · Martinsburg, WV 25404

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

To the Board of Directors
Cacapon Institute, Inc.
Great Cacapon, West Virginia

Opinion

We have audited the accompanying financial statements of the Cacapon Institute, Inc.(a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 Cacapon Institute, Inc. as of December 31, 2023 and 2022, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cacapon Institute, 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 of our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America 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 these financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cacapon Institute, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statement

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 judgement 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 Cacapon Institute, 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 Cacapon Institute, 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.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of state grants receipts and expenditures, 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 state grants receipts and expenditures is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 4, 2024 on our consideration of Cacapon Institute 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 Cacapon Institute, 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 Cacapon Institute, Inc.'s internal control over financial reporting and compliance

Decker & Company PLLC

Martinsburg, WV
September 4, 2024

Cacapon Institute, Inc.
STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

ASSETS

	2023	2022
Current Assets		
Cash and cash equivalents	**$ 63,097**	$ 56,455
Accounts receivable	**151,750**	155,399
Total Current Assets	**214,847**	211,854
Noncurrent Assets		
Investments	**72,254**	64,802
Land, building and equipment - net of accumulated depreciation	**75,128**	79,453
Total Noncurrent Assets	**147,382**	144,255
Total Assets	**$ 362,229**	$ 356,109

LIABILITIES

	2023	2022
Current Liabilities		
Current portion of mortgage payable	**$ -**	$ 7,441
Accrued payable and accrued liabilities	**12,405**	10,950
Total Current Liabilities	**12,405**	18,391
Mortgage payable, less current portion	**-**	5,929
Total liabilities	**12,405**	24,320

NET ASSETS

	2023	2022
Without donor restrictions-undesignated	**328,729**	310,694
With donor restrictions	**21,095**	21,095
Total net assets	**349,824**	331,789
Total Liabilities and Net Assets	**$ 362,229**	$ 356,109

The accompanying notes are an integral part of these financial statements.

Cacapon Institute, Inc.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions:			
Grants	$ 437,162	$ -	$ 437,162
Contributions - other	56,980	-	56,980
Investment income- net of fees	5,913	-	5,913
Interest income - other	1,626	-	1,626
Other	4,584	-	4,584
Net assets released from restrictions	-	-	-
Total revenues and other support	506,265	-	506,265
EXPENSES			
Program expenses	406,723	-	406,723
General and administrative expenses	80,233	-	80,233
Fundraising expenses	1,274	-	1,274
Total expenses	488,230	-	488,230
Changes in net assets	18,035	-	18,035
Net assets, beginning of year	310,694	21,095	331,789
Net assets, end of year	$ 328,729	$ 21,095	$ 349,824

The accompanying notes are an integral part of these financial statements.

Cacapon Institute, Inc.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions:			
Grants	$ 376,862	$ -	$ 376,862
Contributions - other	38,326	-	38,326
Investment income- net of fees	(17,464)	-	(17,464)
Interest income - other	1,392	-	1,392
Other	8,114	-	8,114
Net assets released from restrictions	-	-	-
Total revenues and other support	407,230	-	407,230
EXPENSES			
Program expenses	317,998	-	317,998
General and administrative expenses	56,236	-	56,236
Fundraising expenses	1,047	-	1,047
Total expenses	375,281	-	375,281
Changes in net assets	31,949	-	31,949
Net assets beginning of year	278,745	21,095	299,840
Net assets, end of year	$ 310,694	$ 21,095	331,789

The accompanying notes are an integral part of these financial statements.

Cacapon Institute, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2023

	Program Services	Supporting Services		
	Conservation and Education	Management and General	Fundraising	Total
Personnel costs	$ 235,691	$ 17,836	$ 1,274	$ 254,801
Supplies	131,833	-	-	131,833
Travel	25,997	667	-	26,664
Consulting	-	25,244	-	25,244
Miscellaneous	-	9,655	-	9,655
Utilities and telephone	-	7,655	-	7,655
Insurance	-	6,647	-	6,647
Promotional items	5,222	-	-	5,222
Repairs and maintenance	-	4,468	-	4,468
Depreciation	865	3,460	-	4,325
Conference & meetings	4,252	-	-	4,252
Professional fees	-	3,358	-	3,358
Uniforms	2,568	-	-	2,568
Postage & printing	-	971	-	971
Training	295	-	-	295
Licenses	-	205	-	205
Interest	-	67	-	67
Total expenses	$ 406,723	$ 80,233	$ 1,274	$ 488,230

The accompanying notes are an integral part of these financial statements.

Cacapon Institute, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2022

	Program Services	Supporting Services		
	Conservation and Education	Management and General	Fundraising	Total
Personnel costs	$ 193,529	$ 14,645	$ 1,047	$ 209,221
Supplies	95,400	-	-	95,400
Travel	15,203	633	-	15,836
Miscellaneous	-	4,786	-	4,786
Consulting	3,898	-	-	3,898
Professional fees	-	5,200	-	5,200
Repairs and maintenance	-	10,623	-	10,623
Utilities and telephone	-	12,392	-	12,392
Insurance	-	2,409	-	2,409
Depreciation	948	3,727	-	4,675
Interest	-	929	-	929
Postage & printing	-	892	-	892
Project expense	1,557	-	-	1,557
Promotional items	1,150	-	-	1,150
Uniforms	4,089	-	-	4,089
Training	1,133	-	-	1,133
Conference & meetings	1,091	-	-	1,091
Total expenses	$ 317,998	$ 56,236	$ 1,047	$ 375,281

The accompanying notes are an integral part of these financial statements.

Cacapon Institute, Inc.
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	**$ 18,035**	$ 31,949
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	**4,325**	4,675
Realized and unrealized (gain) loss on investments	**(5,913)**	17,940
Increase (decrease) in operating assets and liabilities		
(Increase) decrease in accounts receivable	**3,649**	(100,368)
Decrease in other assets	**-**	343
Increase (decrease) in accounts payable and other liabilities	**1,455**	(21,520)
Net cash provided (used) by operating activities	**21,551**	(66,981)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	**(1,539)**	(1,110)
Sale of investments	**-**	30,000
Net cash provided (used) by investing activities	**(1,539)**	28,890
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on mortgage	**(13,370)**	(6,441)
Net increase (decrease) in cash and cash equivalents	**6,642**	(44,532)
Cash and cash equivalents, beginning of year	**56,455**	100,987
Cash and cash equivalents, end of year	**$ 63,097**	$ 56,455
SUPPLEMENTAL CASH FLOW INFORMTION		
Cash paid during the year for interest	**$ 67**	$ 929

The accompanying notes are an integral part of these financial statements.

NATURE OF OPERATIONS

The Cacapon Institute, Inc. (the Organization) was established in 1985 as a nonstock, nonprofit corporation under the laws of the State of West Virginia. The Organization's mission is: from the Cacapon River, to the Potomac, to the Chesapeake Bay, we protect rivers and watersheds using science and education. The Organization's support comes primarily through private, federal, and state grants, along with public support.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Basis of Presentation

The financial statement presentation follows the requirements of the Not-for-Profit Entities Presentation of Financial Statements Topic of the FASB Accounting Standards Codification. Under the Standards, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. Net assets without donor restrictions are those currently available for use in the Organization's general operations under the direction of the board and those resources invested in land, buildings and equipment. Net assets with donor restrictions are those stipulated by donors for specific operating purposes, for the acquisition of property and equipment, those not currently available for use until commitments regarding their use have been fulfilled, or those contributed with donor stipulations that they be held in perpetuity with use of income with or without donor restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as revenue within net assets without donor restrictions.

Use of Estimates

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

Cash and Cash Equivalents

The Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents. All bank deposits are FDIC insured.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments in equity securities with readily determined fair values and all debt securities are carried at fair value in the statement of financial position with gains and losses included as without restrictions in the statement of activities.

Accounts Receivable

Accounts receivable consists of uncollected private, federal, and state grants and are periodically evaluated for credit losses based on past history, current economic conditions, and trends in revenue. Receivables are written off as a loss when it has been determined that collection is uncertain. Collection efforts may continue and amounts previously written off are recognized as income in the year of their subsequent collection. Management believes all accounts to be fully collectible at December 31, 2023 and 2022 and no allowance for credit losses has been recorded.

Land, Building and Equipment

The Organization's policy is to capitalize land, buildings and equipment over $1,000. Lesser amounts are expensed in the year incurred. Purchased land, buildings and equipment are stated at cost. Donated assets are recorded at fair market value at the date of contribution. Such donations are reported as without restriction contributions unless the donor has restricted the donated asset to a specific purpose. Depreciation on property and equipment is calculated by use of the straight-line method over the estimated useful lives of the assets of 5 - 40 years.

Adoption of New Accounting Standards

On January 1, 2023, the Company adopted FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326), which requires organizations with financial assets to present such assets at their net carrying value at the amount expected to be collected on the financial asset. This presentation requires an allowance for future credit losses to be recognized and deducted from the amortized cost basis of the financial assets. This allowance is to be measured using judgements based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. There was not a material impact to assets, liabilities, equity, revenues, or expenses as a result of applying FASB ASU No. 2016-13 for the year ended December 31, 2023, and there have not been significant changes to the Company's business processes, systems, or internal controls as a result of implementing the standard.

Revenue Recognition

Substantially all of the Organization's revenue and support is derived from grants and contributions. Contributions are considered to be available for use without restrictions unless specifically restricted by the donor. The Organization has elected to present contributions with restrictions, which are fulfilled in the same time period, within the without restrictions net assets class. Receivables are recorded when formal notification of intent to appropriate or contribute funds is received by the Organization, or the funds are expended and invoiced on reimbursement grants.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants

Grants received by the Organization of which the grantor receives commensurate or proportional value are accounted for as exchange transactions in return for the assets received. If commensurate or proportional value is not received by the grantor then the transaction is accounted for as a contribution and follows the contribution standards.

Donated Goods and Services

The Organization receives donated goods and services from a variety of community donors and unpaid volunteers assisting the Organization in its programs. Contributions of donated goods are recorded at fair value in the period received based on comparable values of like items in the surrounding area. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation are recorded at their fair values in the period received, if subject to reasonable estimation.

Income Tax Status

The Organization is a not-for-profit organization and is exempt from federal income taxes under Internal Revenue Code Section 501c(3). The Organization files its tax returns in the United States federal jurisdiction. These returns are subject to examination by that jurisdiction generally for three years after they were filed.

Expenses by Nature and Function

The financial statements of the Organization report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel costs which are allocated on the basis of time and effort studies, as well as supplies, travel, and miscellaneous expenses which are allocated on specific identification of purpose and use when possible.

AVAILABILITY OF FINANCIAL ASSETS

The Organization has $287,101 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures which consists of $63,097 of cash, $151,750 of accounts receivable, and $72,254 of investments. $21,095 of those financial assets are subject to donor restrictions which leaves the Organization $266,006 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. The Organization has set a goal of having financial assets on hand to meet 90 days of normal operating expenses, which are on average, around $106,000. As part of the liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. Should an unforeseen liquidity need arise, the Organization would request assistance from local and state government agencies.

LAND, BUILDING AND EQUIPMENT

Land, building and equipment consists of the following at December 31, 2023 and 2022:

	2023	2022
Building and improvements	**$ 107,686**	$ 107,686
Office equipment	**4,556**	4,556
Project equipment	**11,346**	11,346
River equipment	**1,320**	1,320
Total	**124,908**	124,908
Accumulated depreciation	**(49,780)**	(45,455)
Land, building and equipment - net	**$ 75,128**	$ 79,453

INVESTMENTS

The Organization's investments are carried at fair value and at December 31, 2023 are as follows:

	Cost	Fair Market Value	Unrealized Gain (Loss)
Investments: Exchange traded funds	$ 46,778	$ 50,419	$ 3,641
Money market fund	21,835	21,835	-
Total	$ 68,613	$ 72,254	$ 3,641

FAIR VALUES OF FINANCIAL INSTRUMENTS

In determining fair value, the Association uses the valuation approaches within FASB codification 820, *Fair Value Measurements.* As defined in *Fair Value Measurements*, fair value is 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 (exit price). Management utilizes market data or assumptions that market participants would use in pricing the asset and liability, including assumptions about risks inherent in the inputs to the valuation technique.

FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements), quoted prices for similar assets or liabilities in active or inactive markets either observable or corroborated by observable market data (level 2), and the lowest priority to unobservable inputs (level 3 measurements).

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2023.

	Total	Level 1	Level 2	Level 3
Investments:				
Fixed income	$ -	$ -	$ -	$ -
Equities	-	-	-	-
Exchange traded funds	50,419	-	50,419	-
	50,419	$ -	$ -	$ -
Money market fund	21,835			
Total investments	$ 72,254			

Investment earnings consisted of the following for the year ended December 31, 2023.

Interest and dividends	$ 1,538
Net unrealized and realized gains (losses)	5,044
Less custodial fees	(669)
	$ 5,913

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2022.

	Total	Level 1	Level 2	Level 3
Investments:				
Fixed income	$ -	$ -	$ -	$ -
Equities	-	-	-	-
Exchange traded funds	54,622	-	54,622	-
	54,622	$ -	$ 54,622	$ -
Money market fund	10,180			
Total investments	$ 64,802			

Investment earnings consisted of the following for the year ended December 31, 2022.

Interest and dividends	$ 1,355
Net unrealized and realized gains	(17,940)
Less custodial fees	(879)
	$ (17,464)

LONG TERM DEBT

Details of long term debt at December 31 are as follows:

	2023	2022
Mortgage payable to Private Lender in the original amount of $60,000, bearing interest at 6.0% per annum and payable in 60 monthly installments of $670, secured by a building, paid off in January 2023.	$ -	$ 13,370
Less current maturities	-	7,441
	$ -	$ 5,929

NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consists of $21,095 and $21,095 at December 31, 2023 and 2022 respectfully, and are funds required to be invested in perpetuity, the income from which is expendable for general support and operations.

CONCENTRATION

Approximately 86% of the Organization's support is derived from federal and state grants. Any future reductions in funding could have a significant impact on the Organization.

SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 4, 2024 the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

Cacapon Institute, Inc.

SCHEDULE OF STATE GRANTS - RECEIPTS AND EXPENDITURES

For the year ended December 31, 2023

State Grantor/Program	Grant Receipts	Grant Expenditures
WV DEP DWWM		
Watershed Improvement Program		
(January 1, 2023 - June 30, 2023)		
Grant Award # NPS1745	$ 146,810	$ 146,810
WV DEP DWWM		
Watershed Improvement Program		
(July 1, 2023 - December 31, 2023)		
Grant Award # NPS1745	213,241	213,241
Grant Award # NPS1767	17,645	17,645
Total	$ 377,696	$ 377,696

Cacapon Institute, Inc.
SCHEDULE OF STATE GRANTS - RECEIPTS AND EXPENDITURES
For the year ended December 31, 2022

State Grantor/Program	Grant Receipts	Grant Expenditures
WV DEP DWWM		
Watershed Improvement Program		
(January 1, 2022 - June 30, 2022)		
Grant Award # NPS1749	$ 18,541	$ 18,541
Grant Award # NPS1745	158,351	158,351
Grant Award # NPS1767	1,425	1,425
MD DNR Forrect Service		
Upper Potomac Riparian Buffer Strategy		
(January 1, 2022-June 30, 2022)		
Grant Award RFB NFWV	17,665	17,665
WV DEP DWWM		
Watershed Improvement Program		
(July 1, 2022 - December 31, 2022)		
Grant Award # NPS1745	132,900	132,900
Grant Award # NPS1767	16,393	16,393
Total	$ 345,275	$ 345,275

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
Cacapon Institute, Inc.
Great Cacapon, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Cacapon Institute, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 4, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cacapon Institute, 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 Cacapon Institute, Inc.’s internal control. Accordingly, we do not express an opinion on the effectiveness of Cacapon Institute, Inc.’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we considered to be material weaknesses and significant deficiencies.

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. We considered the deficiency described in the accompanying schedule of findings and responses as item #2023-04 to be a material weakness.

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. We considered deficiencies described in the accompanying schedule of findings and responses as items #2023-01, 2023-02, and 2023-03 to be significant deficiencies.

Report on Compliance and Other Matters

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

Cacapon Institute Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Cacapon Institute, Inc.'s response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Cacapon Institute, 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 results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Decker & Company PLLC
September 4, 2024

#2023-01 Cash Reconciliations and Old Outstanding Items

Condition: Cacapon Institute, Inc.'s (the Organization) cash reconciliations include multiple outstanding items older than 1 year and failed to include all transactions for the period being reconciled.

Criteria: As is performed in common practice, to provide effective internal controls over cash, it is necessary to regularly reconcile accounts and void old outstanding items. These reconciliations should not be performed until all transactions are entered into the accounting system so that all relevant transactions are included in the reconciliations.

Cause: The Organization lacks of policy specifying procedures on handling cash reconciliations and how to deal with old reconciling items.

Effect: The Organization has an increased risk to the possibility of errors and irregularities in cash receipts and disbursements.

Recommendation: Set specific internal policy for handling cash reconciliations and old reconciling items and instruct staff on carrying out the policy in further periods.

Views of Responsible Officials and Planned Corrective Action: We concur with the recommendation. Cacapon Institute, Inc. will set specific internal policy for handling cash reconciliations and old reconciling items.

#2023-02 Formal Accounting Policies and Procedures Manual

Condition: Cacapon Institute, Inc. does not have a formal accounting policies and procedures manual.

Criteria: As is performed in common practice, a formal accounting policies and procedures manual outlines how the accounting system should function in sufficient detail that any individual involved with the Organization would understand the procedures that need to be performed to maintain the accounting system. Such a manual ensures that accounting work is performed consistently and that the necessary control procedures are performed appropriately.

Cause: Limited time from Board of Directors and staff for drafting manual has resulted in delays.

Effect: The Organization has an increased risk to the possibility of errors and irregularities in its accounting system.

Recommendation: Cacapon Institute, Inc. staff should work with the Board of Directors to outline a formal accounting policies and procedures manual.

Views of Responsible Officials and Planned Corrective Action: We concur with the recommendation. Cacapon Institute, Inc. is working on a draft of a formal accounting policies and procedures manual as of the date of this report.

#2023-03 The Role of the Board of Directors in Governance and Oversight

Condition: Cacapon Institute, Inc.'s Board of Directors do not have enough regular meetings where they have quorum.

Criteria: To provide effective oversight of the Organization's management, the Board of Directors must meet regularly to evaluate the Organization's performance and have enough attending members that they can vote on necessary actions.

Cause: The Organization has an insufficient number of active Board Members.

Effect: The Organization has an increased risk of mismanagement and fraud from lack of oversight.

Recommendation: Recruit more Board Members who will regularly attend meetings and contribute time toward governance.

Views of Responsible Officials and Planned Corrective Action: We concur with the recommendation. Cacapon Institute, Inc. will pursue the recruitment of more Board Members.

#2023-04 Segregation of Duties

Condition: An analysis of accounting procedures indicates there is a lack of segregation of duties in the overall accounting and control system.

Criteria: As is performed in common practice, adequate internal controls require that the responsibility for approving, executing, recording, and reconciling transactions should be divided between separate individuals to reduce the risk that controls are circumvented.

Cause: The Organization only has one staff member who performs all administrative functions, including all handling of cash receipts and cash disbursements, and maintaining the accounting system.

Effect: Because of the lack of segregation of duties, internal controls do not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by staff in the normal course of performing their assigned functions.

Recommendation: Responsibilities of approval, execution, recording, and reconciling transactions should be distributed among the Organization's staff and board members to the best degree possible.

Views of Responsible Officials and Planned Corrective Action: To the extent possible, the Board has segregated its duties. Any further segregation of duties would not be economically feasible.