

**TRI-COUNTY COMMUNITY ACTION
AGENCY, INC.**

FINANCIAL REPORT

June 30, 2022

CONTENTS

| | Page |
|--|-------|
| INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS | 1-3 |
| FINANCIAL STATEMENTS | |
| Statements of financial position | 4 |
| Statements of activities | 5 |
| Statements of functional expenses | 6-7 |
| Statements of cash flows | 8 |
| Notes to financial statements | 9-15 |
| INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION | 16 |
| SUPPLEMENTARY INFORMATION | |
| List of board of directors | 17 |
| Community Services Block Grant Program – statement of financial participation | 18 |
| Community Services Block Grant Program – statement of allowable expenses | 19 |
| LIHEAP – statement of program expenditures | 20 |
| LIHEAP – schedule of budget and actual expenses | 21 |
| LIHEAP (ARPA) – statement of program expenditures | 22 |
| LIHEAP (ARPA) – schedule of budget and actual expenses | 23 |
| Title III-B Support services – schedule of program activities | 24 |
| Title III-C Congregate and home delivered meal services – schedule of program activities | 25 |
| Title III-D Health promotion / disease prevention services – schedule of program activities | 26 |
| Homecare program – schedule of program activities | 27-28 |
| DOE – Weatherization – statement of expenses | 29 |
| LIHEAP – Weatherization – statement of expenses | 30 |
| Schedule of expenditures of federal awards | 31-32 |
| Notes to the schedule of expenditures of federal awards | 33 |
| INDEPENDENT AUDITOR'S 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 | 34-35 |
| INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE | 36-38 |
| SCHEDULE OF FINDINGS AND QUESTIONED COSTS | 39 |
| SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS | 40 |



Jones, Nale & Mattingly PLC

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tri-County Community Action Agency, Inc.
LaGrange, Kentucky

Opinion

We have audited the accompanying financial statements of Tri-County Community Action Agency, Inc. (a non-profit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, 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 Tri-County Community Action Agency, Inc. as of June 30, 2022 and 2021, and the changes in its 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. 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 Tri-County Community Action Agency, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Tri-County Community Action Agency, 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 Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Tri-County Community Action Agency, 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 Tri-County Community Action Agency, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022, on our consideration of Tri-County Community Action Agency'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 Tri-County Community Action Agency'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 Tri-County Community Action Agency's internal control over financial reporting and compliance.

Jones, Nale & Mattingly P.C.

Louisville, Kentucky
December 15, 2022

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

| ASSETS | 2022 | 2021 |
|---|--------------|--------------|
| CURRENT ASSETS | | |
| Cash | \$ 960,009 | \$ 1,005,530 |
| Accounts receivable | -- | 106 |
| Grants receivable | 133,187 | 133,039 |
| Prepaid expenses | 24,856 | 890 |
| Total current assets | 1,118,052 | 1,139,565 |
| PROPERTY AND EQUIPMENT | | |
| Building | 142,315 | 142,315 |
| Equipment and furniture | 100,644 | 96,059 |
| Vehicles | 429,401 | 429,401 |
| Leasehold improvements | 251,477 | 251,477 |
| | 923,837 | 919,252 |
| Less: accumulated depreciation | (520,566) | (450,070) |
| | 403,271 | 469,182 |
| Total assets | \$ 1,521,323 | \$ 1,608,747 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Current portion of long term debt | \$ -- | \$ 9,284 |
| Current portion of capital lease payable | 1,903 | 1,993 |
| Accrued expenses | 73,220 | 78,173 |
| Deferred revenue | 46,490 | 12,823 |
| Total current liabilities | 121,613 | 102,273 |
| LONG-TERM LIABILITIES | | |
| Long term debt, less current portion | -- | 72,713 |
| Capital lease payable, less current portion | 3,603 | 5,506 |
| Total long-term liabilities | 3,603 | 78,219 |
| Total liabilities | 125,216 | 180,492 |
| NET ASSETS | | |
| Without donor restrictions | 1,373,443 | 1,398,190 |
| With donor restrictions | 22,664 | 30,065 |
| Total net assets | 1,396,107 | 1,428,255 |
| Total liabilities and net assets | \$ 1,521,323 | \$ 1,608,747 |

The Notes to Financial Statements are an integral part of these statements.

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

STATEMENTS OF ACTIVITIES
Years Ended June 30, 2022 and 2021

| NET ASSETS WITHOUT DONOR RESTRICTIONS | <u>2022</u> | <u>2021</u> |
|--|---------------------|---------------------|
| Support and revenue | | |
| Grant funds | \$ 1,730,963 | \$ 2,079,621 |
| Fiscal court | 80,663 | 69,200 |
| Metro United Way | 11,705 | 14,370 |
| Contributions | 20,496 | 56,347 |
| Program fees | 57,889 | 21,350 |
| Rental income | 43,250 | 37,500 |
| Contributed nonfinancial assets | 127,444 | 127,444 |
| Interest income | 4,760 | 2,677 |
| Other income | 15,176 | 18,872 |
| Gain on disposition of property and equipment | -- | 8,092 |
| Total support and revenue | <u>2,092,346</u> | <u>2,435,473</u> |
| Net assets released from restrictions | <u>18,499</u> | <u>42,066</u> |
| Expenses | | |
| Program services | 1,937,230 | 1,782,060 |
| Supporting services: | | |
| Administrative | 198,267 | 200,052 |
| Fundraising | 95 | -- |
| Total expenses | <u>2,135,592</u> | <u>1,982,112</u> |
| Increase (decrease) in net assets without donor restrictions | <u>(24,747)</u> | <u>495,427</u> |
| NET ASSETS WITH DONOR RESTRICTIONS | | |
| Contributions | 11,098 | 25,837 |
| Net assets released from restrictions | <u>(18,499)</u> | <u>(42,066)</u> |
| (Decrease) in net assets with donor restrictions | <u>(7,401)</u> | <u>(16,229)</u> |
| Increase (decrease) in net assets | (32,148) | 479,198 |
| Net assets at beginning of year | <u>1,428,255</u> | <u>949,057</u> |
| Net assets at end of year | <u>\$ 1,396,107</u> | <u>\$ 1,428,255</u> |

The Notes to Financial Statements are an integral part of these statements.

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

| | 2022 | | | |
|---|---------------------|-------------------------------|--------------|---------------------|
| | Program Services | Supporting Services | | Totals |
| | | General and Administrative | Fundraising | |
| Salaries | \$ 478,291 | \$ 44,607 | \$ -- | \$ 522,898 |
| Client assistance | 852,940 | -- | -- | 852,940 |
| Rent | 127,444 | -- | -- | 127,444 |
| Contract labor | 25,242 | -- | -- | 25,242 |
| Employee benefits | 111,941 | 22,017 | -- | 133,958 |
| Professional fees | 102,450 | 33,640 | -- | 136,090 |
| Depreciation | -- | 81,818 | -- | 81,818 |
| Payroll taxes | 35,799 | 3,625 | -- | 39,424 |
| Utilities | 45,316 | 249 | -- | 45,565 |
| Insurance - general | 28,464 | 54 | -- | 28,518 |
| Travel | 26,420 | 96 | -- | 26,516 |
| Miscellaneous | 20,153 | 1,175 | 95 | 21,423 |
| Supplies | 29,462 | 4,310 | -- | 33,772 |
| Vehicle | 17,697 | 519 | -- | 18,216 |
| Training | 5,393 | 39 | -- | 5,432 |
| Telephone | 14,620 | 259 | -- | 14,879 |
| Advertising | 782 | 2 | -- | 784 |
| Maintenance and repairs | 2,777 | -- | -- | 2,777 |
| Equipment rent | 4,069 | 1,993 | -- | 6,062 |
| Equipment purchase | 3,631 | 265 | -- | 3,896 |
| Memberships, subscriptions, and fees | 3,147 | 2,275 | -- | 5,422 |
| Interest | 461 | -- | -- | 461 |
| Postage | 731 | 1,324 | -- | 2,055 |
| TOTAL PROGRAM AND SUPPORTING SERVICES EXPENSES | \$ 1,937,230 | \$ 198,267 | \$ 95 | \$ 2,135,592 |

The Notes to Financial Statements are an integral part of this statement.

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021

| | 2021 | | | |
|---|---------------------|-------------------------------|--------------|---------------------|
| | Program Services | Supporting Services | | Totals |
| | | General and Administrative | Fundraising | |
| Salaries | \$ 398,338 | \$ 52,848 | \$ -- | \$ 451,186 |
| Client assistance | 828,519 | -- | -- | 828,519 |
| Rent | 127,444 | -- | -- | 127,444 |
| Contract labor | 29,548 | -- | -- | 29,548 |
| Employee benefits | 74,492 | 31,622 | -- | 106,114 |
| Professional fees | 76,186 | 15,871 | -- | 92,057 |
| Depreciation | -- | 88,428 | -- | 88,428 |
| Payroll taxes | 30,870 | 4,107 | -- | 34,977 |
| Utilities | 36,120 | 484 | -- | 36,604 |
| Insurance - general | 27,641 | 247 | -- | 27,888 |
| Travel | 20,612 | -- | -- | 20,612 |
| Miscellaneous | 35,071 | -- | -- | 35,071 |
| Supplies | 33,025 | 798 | -- | 33,823 |
| Vehicle | 18,520 | 18 | -- | 18,538 |
| Training | 2,675 | 396 | -- | 3,071 |
| Telephone | 11,404 | 856 | -- | 12,260 |
| Advertising | 939 | 82 | -- | 1,021 |
| Maintenance and repairs | 9,673 | -- | -- | 9,673 |
| Equipment rent | 3,869 | 2,233 | -- | 6,102 |
| Equipment purchase | 6,824 | 878 | -- | 7,702 |
| Memberships, subscriptions, and fees | 3,404 | 116 | -- | 3,520 |
| Interest | 5,797 | -- | -- | 5,797 |
| Postage | 1,089 | 1,068 | -- | 2,157 |
| TOTAL PROGRAM AND SUPPORTING SERVICES EXPENSES | \$ 1,782,060 | \$ 200,052 | \$ -- | \$ 1,982,112 |

The Notes to Financial Statements are an integral part of this statement.

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|---|-------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Increase (decrease) in net assets | \$ (32,148) | \$ 479,198 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | | |
| (Gain) on disposition of property and equipment | -- | (8,092) |
| Depreciation | 81,818 | 88,428 |
| Changes in assets and liabilities, net of the effects of investing and financing activities: | | |
| Accounts receivable | 106 | 2,048 |
| Grants receivable | (148) | 40,531 |
| Prepaid expenses | (23,966) | (49) |
| Accrued expenses | (4,953) | 3,299 |
| Deferred revenue | 33,667 | 12,823 |
| Net cash provided by operating activities | <u>54,376</u> | <u>618,186</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (15,907) | (122,828) |
| Proceeds from sale of property and equipment | -- | 8,341 |
| Net cash (used in) investing activities | <u>(15,907)</u> | <u>(114,487)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payments on long-term debt | (81,997) | (8,767) |
| Payments on capital lease payable | (1,993) | (3,951) |
| Net cash (used in) financing activities | <u>(83,990)</u> | <u>(12,718)</u> |
| Net increase (decrease) in cash | (45,521) | 490,981 |
| Cash at beginning of year | <u>1,005,530</u> | <u>514,549</u> |
| Cash at end of year | <u>\$ 960,009</u> | <u>\$ 1,005,530</u> |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION | | |
| Cash payments for interest | <u>\$ 3,033</u> | <u>\$ 5,806</u> |

The Notes to Financial Statements are an integral part of these statements.

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Nature of operations

Tri-County Community Action Agency, Inc. (Organization), incorporated in January 1974 under the provisions of Title III of the Older Americans Act of 1965, is a non-profit corporation whose established purpose is to help the general welfare of the community by providing services to the elderly and low-income persons in Oldham, Trimble, and Henry counties in Kentucky. The Organization receives a significant portion of their funding in the form of grants from various federal, state, and local agencies.

The Organization's primary programs consist of the following major categories:

- Adult Day Care
- CSBG Emergency Assistance
- Emergency Food and Shelter National Board Association
- Homecare
- Low Income Housing Energy Assistance Program (LIHEAP)
- Title III-B Support Services
- Title III-C Nutrition and Other Nutrition Services
- Title III-D Health Promotion
- Weatherization
- Wintercare
- Winterhelp

Use of estimates

The preparation of financial statements in accordance 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. Actual results could differ from those estimates.

Cash

The Organization maintains its cash balances in bank deposit accounts which, at times, may exceed coverage provided by the Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses in such accounts. Management believes the Organization is not exposed to any significant risk on bank deposits.

Accounts receivable

Accounts receivable consists of amounts due to the Organization primarily for fees for services. All receivables are stated at net realizable value. Receivables are written off as they become uncollectible. Management believes all amounts are collectible and there is no allowance for doubtful accounts as of June 30, 2022 and 2021.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Property and equipment

Property and equipment are stated at cost for purchased assets and at fair market value on the date of contribution for donated assets. Depreciation is provided over the estimated useful lives of respective assets on a straight-line basis. Property and equipment held under capital leases are also amortized using the straight-line method over estimated lives. Amortization expense from capital leases is included with depreciation expense.

Capital leases

Capital leases are recorded at the lesser of the fair value of the leased asset at the inception of the lease or the present value of the minimum lease payments as of the beginning of the lease term.

Functional expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The functional expense statements report certain categories of expenses that are attributable to more than one program or supporting function. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest, and office and occupancy, which are allocated on a square-footage or specific identification basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

Grant and deferred revenue

Funds acquired from grants are generally recognized as revenue when the expenditure is incurred for the grant support program or projects and in the manner specified by the respective grant. In some instances, revenue is recorded in units of service as it has been provided by the grants. Deferred revenue consists of grant revenue received prior to incurrence of related expenditure.

Contributions

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. The Organization treats contributions with donor restrictions whose restrictions are met in the same reporting period as contributions without donor restrictions.

The Organization reports contributions as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the long-lived assets are acquired.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Contributed nonfinancial assets

Contributions of donated goods are recorded at fair value in the period received. Contributed services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed nonfinancial assets are recorded as support and expenses in the statement of activities. Contributed nonfinancial assets are not sold and goods are only distributed for program use. There were no donor-imposed restrictions associated with contributed nonfinancial assets for the years ended June 30, 2022 and 2021.

Revenue recognition

Revenue from contracts with customers

Revenue is measured as the amount of consideration expected to be received in exchange for transferring goods or providing services. The Organization recognizes contract revenue for financial reporting purposes at a point in time. Performance obligations include transportation services, adult day care services, and equipment usage charges, and revenues are recognized when the related service is provided.

Advertising costs

Advertising costs are expensed when incurred. Advertising costs for the years ended June 30, 2022 and 2021 totaled \$784 and \$1,021, respectively.

Income taxes

The Organization's accounting policy provides that a tax expense/benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. The Organization has no uncertain tax positions resulting in an accrual of tax expense or benefit.

The Organization's Federal Return of Organization Exempt from Income Tax, Form 990, is subject to examination by the taxing authorities until the expiration of the related statutes of limitations on the return, which is generally three years.

Subsequent events

Subsequent events have been evaluated through December 15, 2022, which is the date the financial statements were available to be issued.

Reclassifications

Certain amounts presented in the prior period have been reclassified to conform to the current period presentation.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Adoption of accounting pronouncement

On July 1, 2021, the Organization adopted Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard requires an entity to present contributed nonfinancial assets as a separate line item in the statement of activities, separate from contributions of cash and other financial assets. ASU 2020-07 includes additional disclosure requirements about contributed nonfinancial assets for not-for-profit entities, including disclosure requirements for recognized contributed services. The standard was applied on a retrospective basis and had no significant impact on the financial statements.

Recent accounting pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the year ending June 30, 2023.

Management is currently in the process of evaluating the impact of the adoption of this ASU on the Organization's financial statements.

Note 2. Liquidity and Availability of Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30:

| | 2022 | 2021 |
|--|--------------|--------------|
| Financial assets at year end: | | |
| Cash | \$ 960,009 | \$ 1,005,530 |
| Accounts receivable | -- | 106 |
| Grants receivable | 133,187 | 133,039 |
| Total financial assets | 1,093,196 | 1,138,675 |
| Less amounts unavailable to be used within one year: | | |
| Net assets with donor restrictions | (22,664) | (30,065) |
| | \$ 1,070,532 | \$ 1,108,610 |

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.

NOTES TO FINANCIAL STATEMENTS

Note 3. Grants Receivable

Grants receivable is composed of the following at June 30:

| | 2022 | 2021 |
|---|------------|------------|
| Kentucky Regional Planning and Development Agency: | | |
| Title III-B (including transportation and adult day) | \$ 35,768 | \$ 34,818 |
| Title III-C | 23,710 | 20,783 |
| Title III-D | 6,430 | -- |
| Home Care | 33,487 | 17,477 |
| Kentucky Cabinet for Health and Family Services: | | |
| Community Services Block Grant | 22,377 | 9,516 |
| LIHEAP | 2,628 | 22,539 |
| Kentucky Association for Community Action Agencies: | | |
| Weatherization LIHEAP | 8,725 | 27,809 |
| Weatherization Assistance Program | -- | 97 |
| Other grants receivable | 62 | -- |
| Total grants receivable | \$ 133,187 | \$ 133,039 |

Note 4. Capital Lease

The Organization has leased two copiers that have been classified as capital leases. The economic substance of the leases is that the Organization is financing the acquisition of the office equipment through the leases, and accordingly, the leased assets and related debt are recorded in the Organization's assets and liabilities. One of the leases expired during the year ended June 30, 2022 and was automatically converted to a month-to-month lease. The leased assets included in equipment and furniture were \$9,837 and \$21,161 with related accumulated depreciation of \$4,754 and \$14,109 at June 30, 2022 and 2021, respectively.

The future annual minimum lease payments and their net present value are as follows:

| | | | |
|--|--|------|----------|
| Year ending June 30: | | 2023 | \$ 2,169 |
| | | 2024 | 2,169 |
| | | 2025 | 1,627 |
| Total minimum lease payments | | | 5,965 |
| Less amount representing interest | | | (459) |
| Present value of minimum lease payments | | | 5,506 |
| Less current obligations under capital lease | | | (1,903) |
| Long-term obligations under capital lease | | | \$ 3,603 |

NOTES TO FINANCIAL STATEMENTS

Note 5. Long-Term Debt

The Organization entered into a loan agreement on February 8, 2019 with Citizens Deposit Bank to borrow \$119,000. The loan had a variable interest rate with an initial rate of 5.75%. The note was paid in full during the year ended June 30, 2022.

Note 6. Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following purposes at June 30:

| | 2022 | 2021 |
|--|-----------|-----------|
| Subject to expenditure for a specific purpose: | | |
| Adult day care | \$ -- | \$ 15,493 |
| Compass | 19,615 | 2,388 |
| Eyeglasses and exams | 1,222 | 1,840 |
| Substance abuse | -- | 10,344 |
| Winterhelp | 77 | -- |
| WX-WDRP | 1,750 | -- |
| Net assets with donor restrictions | \$ 22,664 | \$ 30,065 |

Note 7. Contributed Nonfinancial Assets

The Organization occupies, without charge, office space in Oldham, Henry and Trimble Counties. The estimated fair rental value of the premises is reported as support and expense in the period in which the buildings are used and totaled \$71,124 for Oldham County, \$16,320 for Henry County, and \$40,000 for Trimble County for the years ended June 30, 2022 and 2021.

Note 8. Retirement Plans

Certain employees of the Organization participate in the Kentucky County Employee Retirement System (CERS), which is a cost-sharing, multiple-employer defined benefit plan administered by the Kentucky Retirement System. During the year ended June 30, 2022 and 2021, salaries paid by the Organization totaling \$277,156 and \$284,626, respectively, were covered by CERS. The CERS provides for death, disability, and retirement benefits. Participating employees contribute 5% of their compensation to the CERS. The Organization contributed 26.95% and 24.06% of the covered employees' compensation for the years ended June 30, 2022 and 2021, respectively. Pension expense includes contributions of \$74,694 and \$68,481 made by the Organization for its employees for the years ended June 30, 2022 and 2021, respectively.

Vesting in retirement benefits begins immediately upon entry into CERS. The participant has fully-vested interest after the completion of sixty months of service, twelve of which are current service. At a minimum, terminated employees are refunded their contributions with credited interest of 4%.

NOTES TO FINANCIAL STATEMENTS

Note 8. Retirement Plans (Continued)

The pension benefits obligation is a standard disclosure measure of the present value of pension benefits, adjusted for the effect of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of the employee's service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the CERS's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits due, and make comparisons among public employee retirement systems and employers. Detailed information about the pension plan's underfunded status and the Organization's proportionate share thereof have not been included in these financial statements. Additional information can be obtained about the pension plan's fiduciary net position in the separately issued Kentucky Retirement System financial report.

Accrued expenses includes a liability for vested sick pay of \$44,023 and \$34,219 at June 30, 2022 and 2021, respectively. Employees who are fully-vested in CERS can use up to six months of sick pay towards their retirement benefits.

Note 9. Risk and Uncertainties

Local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Organization as of December 15, 2022, management believes that a material impact on the Organization's financial position and results of future operations is reasonably possible.



Jones, Nale & Mattingly PLC

INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

Board of Directors
Tri-County Community Action Agency, Inc.
LaGrange, Kentucky

We have audited the financial statements of Tri-County Community Action Agency as of and for the years ended June 30, 2022 and 2021, and have issued our report thereon dated December 15, 2022, which expressed an unmodified opinion on those financial statements and appears on pages 1-3. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole.

The list of the board of directors and the statements of activities detailed on pages 17-30 are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards on pages 31-32 is presented for purposes of additional analysis 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 is also 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 audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Jones, Nale & Mattingly P.C.

Louisville, Kentucky
December 15, 2022

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.
LIST OF BOARD OF DIRECTORS
JUNE 30, 2022

| <u>Name</u> | <u>Address</u> |
|------------------------|-------------------------|
| Scott Bates | Eminence, KY 40019 |
| Chris Blair | Eminence, KY 40019 |
| Judge John Logan Brent | New Castle, KY 40050 |
| Elsie Carter | LaGrange, KY 40031 |
| Kenneth Cottongim | Bedford, KY 40006 |
| Melodye Fletcher | Campbellsburg, KY 40011 |
| Rick Lucas | Westport, KY 40077 |
| Will McCoy | Bedford, KY 40006 |
| Judge Todd Polluck | Bedford, KY 40006 |
| Jane Proctor | Bedford, KY 40006 |
| Susan Smithson | Bedford, KY 40006 |
| Dotty Sparrow | LaGrange, KY 40031 |
| Darlene Taylor | Campbellsburg, KY 40011 |
| Polly Troxell | Eminence, KY 40019 |
| Wayne Theiss | LaGrange, KY 40031 |
| Bill Tucker | LaGrange, KY 40031 |
| Judge David Voegele | LaGrange, KY 40031 |
| Crystal Whitice | Bedford, KY 40006 |

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

COMMUNITY SERVICES BLOCK GRANT PROGRAM
STATEMENT OF FINANCIAL PARTICIPATION

Year Ended June 30, 2022

| | CSBG State Funds | CSBG | Total |
|--|---------------------|-------------|------------|
| <u>Obligated Funds</u> | | | |
| Total Contract Ceiling | \$ 60,644 | \$ 79,447 | \$ 140,091 |
| General Fund Participation | \$ 60,644 | \$ -- | \$ 60,644 |
| CSBG Financial Participation | -- | 74,377 | 74,377 |
| CARES Funding | -- | 1,712 | 1,712 |
| Total Financial Participation/Allowable Expense | 60,644 | 76,089 | 136,733 |
| Less: Allowable-Expense | (60,644) | (76,089) | (136,733) |
| Total Obligated Funds | \$ -- | \$ -- | \$ -- |
| <u>CSBG Over/Underpayment</u> | | | |
| Total Allowable Expense | \$ 60,644 | \$ 76,089 | \$ 136,733 |
| Less: Contract payments received as of June 30, 2021 | (60,644) | (53,713) | (114,357) |
| Payment due to the Agency at June 30, 2022 | -- | 22,376 | 22,376 |
| Payment received subsequent to June 30, 2022 | -- | 22,376 | 22,376 |
| Overpayment due grantor | \$ -- | \$ -- | \$ -- |
| <u>CSBG Local Match Requirement</u> | | | |
| CSBG Allowable Expense | | \$ 136,733 | |
| Funding Level Restated at 100% | | \$ 136,733 | |
| Local Match Required | | \$ 33,755 | |
| Less Local In-kind Match Provided | | (95,850) | |
| Excess Local Match | | \$ (62,095) | |

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

COMMUNITY SERVICES BLOCK GRANT PROGRAM

STATEMENT OF ALLOWABLE EXPENSES

Year Ended June 30, 2022

| | <u>State Funds</u> | <u>CSBG</u> | <u>Total</u> |
|---|--------------------|------------------|------------------|
| Expenses: | | | |
| Personnel and fringes | \$ 38,737 | \$ 57,179 | \$ 95,916 |
| Utilities | 5,898 | 5,844 | 11,742 |
| Equipment | 53 | 20 | 73 |
| Supplies | 1,140 | 2,181 | 3,321 |
| Transportation | 7 | 16 | 23 |
| Client services | 229 | 748 | 977 |
| Staff development | 5,477 | (5,068) | 409 |
| Indirect costs | 8,998 | 4,840 | 13,838 |
| Other | 105 | 106,179 | 106,284 |
| Total Expenses | <u>60,644</u> | <u>171,939</u> | <u>232,583</u> |
| In-kind contributions | <u>--</u> | <u>(95,850)</u> | <u>(95,850)</u> |
| Total Allowable CSBG Expenses | 60,644 | 76,089 | 136,733 |
| Less contract payments | <u>(60,644)</u> | <u>(53,713)</u> | <u>(114,357)</u> |
| Net CSBG Under Payment Reflected in the Financial Statements | <u>\$ --</u> | <u>\$ 22,376</u> | <u>\$ 22,376</u> |

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

LOW INCOME HOUSING ENERGY ASSISTANCE PROGRAM (LIHEAP)

STATEMENT OF PROGRAM EXPENDITURES

CONTRACT NUMBER 736 19000001658 6: LIHEAP-022

Year Ended June 30, 2022

| | | |
|---|-----------|------------|
| Expenses: | | |
| Administrative | | |
| Salary | \$ 24,721 | |
| Utilities | 1,401 | |
| Other | 4,423 | |
| Total Administrative | | 30,545 |
| Benefits | | |
| Subsidy | 47,300 | |
| Crisis | 238,842 | |
| Total Benefits | | 286,142 |
| Total Expenses | | \$ 316,687 |
| | | |
| Allowable Expenses: | | |
| Administration | | \$ 30,545 |
| Benefits | | 286,142 |
| Total Allowable Expenses | | 316,687 |
| | | |
| Less: Contract payments received as of June 30, 2022 | | (316,687) |
| | | |
| Payment due the Agency at June 30, 2022 | | \$ -- |

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

LOW INCOME HOUSING ENERGY ASSISTANCE PROGRAM (LIHEAP)

SCHEDULE OF BUDGET AND ACTUAL EXPENSES

CONTRACT NUMBER 736 19000001658 6: LIHEAP-022

Year Ended June 30, 2022

SCHEDULE OF BUDGET AND ACTUAL EXPENSES

| | <u>Budget</u> | <u>Actual</u> | <u>Under Budget</u> |
|----------------------|-------------------|-------------------|-------------------------|
| Administrative Costs | \$ 41,224 | \$ 30,545 | \$ 10,679 |
| Subsidy Benefits | 114,618 | 47,300 | 67,318 |
| Crisis Benefits | 299,850 | 238,842 | 61,008 |
| Total | <u>\$ 455,692</u> | <u>\$ 316,687</u> | <u>\$ 139,005</u> |

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

LOW INCOME HOUSING ENERGY ASSISTANCE PROGRAM (LIHEAP)

STATEMENT OF PROGRAM EXPENDITURES

CONTRACT NUMBER 736 19000001658 6: LIHEAP-022 -ARPA

Year Ended June 30, 2022

| | | |
|---|-----------|-------------------|
| Expenses: | | |
| Administrative | | |
| Salary | \$ 25,425 | |
| Utilities | 263 | |
| Other | 8,857 | |
| Total Administrative | | 34,545 |
| Benefits | | |
| Subsidy | 260,550 | |
| Crisis | 104,215 | |
| Total Benefits | | 364,765 |
| Total Expenses | | <u>\$ 399,310</u> |
| Allowable Expenses: | | |
| Administration | | \$ 34,545 |
| Benefits | | <u>364,765</u> |
| Total Allowable Expenses | | 399,310 |
| Less: Contract payments received as of June 30, 2022 | | <u>(396,682)</u> |
| Payment due the Agency at June 30, 2022 | | <u>\$ 2,628</u> |

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

**LOW INCOME HOUSING ENERGY ASSISTANCE PROGRAM (LIHEAP)
SCHEDULE OF BUDGET AND ACTUAL EXPENSES
CONTRACT NUMBER 736 19000001658 6: LIHEAP-022 -ARPA
Year Ended June 30, 2022**

SCHEDULE OF BUDGET AND ACTUAL EXPENSES

| | <u>Budget</u> | <u>Actual</u> | <u>Under (Over) Budget</u> |
|----------------------|--------------------------|--------------------------|--------------------------------|
| Administrative Costs | \$ 36,365 | \$ 34,545 | \$ 1,820 |
| Subsidy Benefits | 260,557 | 260,550 | 7 |
| Crisis Benefits | 100,215 | 104,215 | (4,000) |
| Total | <u><u>\$ 397,137</u></u> | <u><u>\$ 399,310</u></u> | <u><u>\$ (2,173)</u></u> |

TRI-COUNTY COMMUNITY ACTION AGENCY, INC

**TITLE III-C CONGREGATE & HOME DELIVERED MEAL SERVICES
SCHEDULE OF PROGRAM ACTIVITIES**

Year Ended June 30, 2022

| | <u>Contract Budget</u> | <u>Actual</u> |
|--------------------|----------------------------|-----------------------|
| Revenues: | | |
| Federal Funds | \$ 159,235 | \$ 80,362 |
| State Funds | 7,322 | 50,756 |
| Required Match | <u>29,392</u> | <u>22,880</u> |
| Total Revenues | <u>\$ 195,949</u> | <u>\$ 153,998</u> |

| UNITS OF SERVICE | <u>Contract Budget</u> | <u>Actual Units Provided</u> | <u>Rate</u> | <u>Amount Earned</u> |
|-------------------------------|----------------------------|--------------------------------------|-------------|--------------------------|
| C1 Food Service/Meal Delivery | \$ 52,971 | 13,217 | \$ 3.32 | \$ 43,880 |
| C2 Food Service/Meal Delivery | 77,131 | <u>23,390</u> | 3.62 | <u>84,672</u> |
| Total | | <u>36,607</u> | | 128,552 |
| Eligibility Services | | | | 25,446 |
| Total Amount Earned | | | | <u>\$ 153,998</u> |

Amount Earned is the lesser of:

| | |
|--|-------------------|
| Contract Amount | <u>\$ 166,557</u> |
| Service Provided | <u>\$ 131,118</u> |
| Amount Earned | \$ 131,118 |
| Contract payments received as of June 30, 2022 | <u>107,408</u> |
| Payment received subsequent to June 30, 2022 | <u>\$ 23,710</u> |

TRI-COUNTY COMMUNITY ACTION AGENCY, INC

**TITLE III-D HEALTH PROMOTION/DISEASE PREVENTION SERVICES
SCHEDULE OF PROGRAM ACTIVITIES
CONTRACT NUMBER KIPDA-FY2022-1017 (TCCAA)
Year Ended June 30, 2022**

| | Contract Budget | Actual |
|---------------|--------------------|------------------|
| Revenue: | | |
| Federal Funds | \$ 14,740 | \$ 5,402 |
| State Funds | -- | 9,338 |
| Total Revenue | <u>\$ 14,740</u> | <u>\$ 14,740</u> |

| | Funded Service | Federal Amount Earned | State Amount Earned | Total |
|--------------------------|-------------------|--------------------------|------------------------|------------------|
| Funding For Each Center: | | | | |
| All Locations | Bingocize | \$ 11,530 | \$ -- | \$ 11,530 |
| Oldham | Walk with Ease | 3,210 | -- | 3,210 |
| Totals | | <u>\$ 14,740</u> | <u>\$ --</u> | <u>\$ 14,740</u> |

Amount Earned is the lesser of:

| | |
|--|------------------|
| Contract Amount (Federal and State Amounts) | \$ 14,740 |
| Service Provided | <u>\$ 14,740</u> |
| Amount Earned | \$ 14,740 |
| Contract payments received as of June 30, 2022 | <u>8,310</u> |
| Payment received subsequent to June 30, 2022 | <u>\$ 6,430</u> |

TRI-COUNTY COMMUNITY ACTION AGENCY, INC

**HOMECARE PROGRAM
SCHEDULE OF PROGRAM ACTIVITIES
CONTRACT NUMBER KIPDA-FY2022-1017 (TCCAA)
Year Ended June 30, 2022**

State Grantor: Commonwealth of Kentucky, Cabinet for Health Services
 Pass-through Grantor: KIPDA
 Program Title: Homecare Program
 Pass-through Contract No.: CONTRACT NUMBER KIPDA-FY2022-1017 (TCCAA)
 Period of Contract: July 1, 2021 to June 30, 2022

| | <u>Contract Budget</u> | <u>Actual</u> |
|----------------|------------------------|---------------|
| Revenues: | | |
| State Funds | As Approved | \$ 181,646 |
| Local Match | -- | 20,183 |
| | <hr/> | <hr/> |
| Total Revenues | \$ -- | \$ 201,829 |
| | <hr/> <hr/> | <hr/> <hr/> |

| UNITS OF SERVICE | <u>Contract Budget</u> | <u>Actual Units Provided</u> | <u>Rate</u> | <u>Amount Earned</u> |
|-------------------------|------------------------|------------------------------|-------------|----------------------|
| Personal Care | As Approved | 4,532 | \$ 16.25 | \$ 73,645 |
| Chore (LC) | As Approved | 111 | 22.50 | 2,497 |
| Chore (HC) | As Approved | 6 | 21.00 | 126 |
| Escort | As Approved | 425 | 31.00 | 13,175 |
| Escort (HC) | As Approved | 218 | 29.00 | 6,322 |
| Homemaking | As Approved | 5,815 | 16.25 | 94,494 |
| Respite Homemaking (HC) | As Approved | 712 | 16.25 | 11,570 |
| | | <hr/> | | <hr/> |
| Total | | 11,819 | | 201,829 |
| | | <hr/> <hr/> | | <hr/> <hr/> |
| Less Match | | | | (20,183) |
| Total Amount Earned | | | | \$ 181,646 |
| | | | | <hr/> <hr/> |

Amount Earned is the lesser of:

| | |
|------------------|-------------|
| Contract Amount | As Ordered |
| Service Provided | \$ 181,646 |
| | <hr/> <hr/> |

| | |
|--|-------------|
| Amount Earned | \$ 181,646 |
| Contract payments received as of June 30, 2022 | 148,159 |
| | <hr/> <hr/> |

| | |
|--|-------------|
| Payment received subsequent to June 30, 2022 | \$ 33,487 |
| | <hr/> <hr/> |

TRI-COUNTY COMMUNITY ACTION AGENCY, INC
HEMOCARE PROGRAM
SCHEDULE OF PROGRAM ACTIVITIES (CONTINUED)
CONTRACT NUMBER KIPDA-FY2022-1017 (TCCAA)
Year Ended June 30, 2022

| | Amount |
|------------------------------|------------|
| Revenues: | |
| State funds | \$ 181,646 |
| Local match | 20,183 |
| Total Revenues | 201,829 |
| Expenses: | |
| Salaries and fringes | 120,470 |
| Travel | 24,122 |
| Supplies | 1,254 |
| Utilities | 1,219 |
| Postage | 18 |
| Other | 3,944 |
| Total Expenses | 153,247 |
| Total Revenues over Expenses | 48,582 |
| Indirect Expenses | 28,115 |
| Net Revenues over Expenses | \$ 20,467 |

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.
DOE - WEATHERIZATION
STATEMENT OF EXPENSES
DOE WX-021
Year Ended June 30, 2022

| | <u>DOE Weatherization Assistance</u> |
|--|--|
| Expenses: | |
| Administration | \$ 885 |
| WX Materials & Labor | 23,135 |
| Program support | 39,154 |
| Health and Safety Materials & Labor | 4,140 |
| Audit | 3,913 |
| Training | <u>16,197</u> |
| Total Expenses | \$ 87,424 |
| Contract payments received as of June 30, 2022 | 87,424 |
| Payment received subsequent to June 30, 2022 | <u><u>\$ --</u></u> |

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.
LIHEAP - WEATHERIZATION
STATEMENT OF EXPENSES
LHWX-021
Year Ended June 30, 2022

| | LIHEAP Weatherization Assistance |
|--|--|
| Expenses: | |
| Administration | \$ 1,814 |
| Materials & Labor | 31,916 |
| Program support | 62,388 |
| Health and Safety Materials & Labor | 33,285 |
| Training | 4,257 |
| Total Expenses | \$ 133,660 |
| | |
| Contract payments received as of June 30, 2022 | 124,935 |
| | |
| Payment received subsequent to June 30, 2022 | \$ 8,725 |

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2022

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Expenditures |
|--|---------------------|--|-------------------------------------|
| U.S. Department of Housing and Urban Development Community Development Block Grant-CV | 14.218 | TRIMBLE-22 | \$ 1,810 |
| U.S. Department of Energy Kentucky Housing Corporation Weatherization Assistance for Low-Income Persons | 81.042 | DOE WX22-0619-02 | 87,424 |
| U.S. Department for Health and Human Services Kentucky Housing Corporation Low-Income Home Energy Assistance Program (LIHEAP) Weatherization Assistance Program | 93.568 | LIHEAP LH21-0619-02 | 133,660 |
| U.S. Department for Health and Human Services Community Action Kentucky Low-Income Home Energy Assistance Program (LIHEAP) Low-Income Household Water Assistance Program (LIHWAP) Total Number 93.568 | 93.568 93.568 | LIHEAP-022 LIHEAP-022 | 715,997 88,970 <u>938,627</u> |
| U.S. Department for Health and Human Services Cabinet for Health and Family Services Community Services Block Grant Program COVID-19 Community Services Block Grant Program Total Community Services Block Grant Program | 93.569 93.569 | PON2 736 2200002050 PON2 736 2200002050 | 74,377 1,712 <u>76,089</u> |

The accompanying notes are an integral part of this schedule.

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year Ended June 30, 2022

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Expenditures |
|--|---------------------|--|---------------------|
| U.S. Department for Health and Human Services | | | |
| Kentuckiana Regional Planning and Development Agency | | | |
| Title III-B Transportation, Support and Emergency In-Home Services | 93.044 | PON2 725 20000002717 | 70,568 |
| Title III-C Congregate and Home Delivered Meal Services | 93.045 | PON2 725 20000002717 | 80,362 |
| Total Aging Cluster (93.044/93.045) | | | <u>150,930</u> |
| Title III-D Health Promotion Disease Prevention Services | 93.043 | PON2 725 20000002717 | 5,402 |
| Total Department for Health and Human Services | | | <u>1,171,048</u> |
| U.S. Department of Homeland Security | | | |
| Emergency Food and Shelter National Board Program | 97.024 | 3420-00 | 4,424 |
| COVID-19 Emergency Food and Shelter National Board Program | 97.024 | 3420-00 | 4,689 |
| COVID-19 Emergency Food and Shelter National Board Program | 97.024 | 3544-00 | 3,639 |
| Total Number 97.024 | | | <u>12,752</u> |
| Total expenditures of federal awards | | | <u>\$ 1,273,034</u> |

The accompanying notes are an integral part of this schedule.

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Tri-County Community Action Agency, Inc. under programs of the federal government for the year ended June 30, 2022. 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 Tri-County Community Action Agency, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Tri-County Community Action Agency, Inc.

Note 2. Summary of Significant Accounting Policies

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. Tri-County Community Action Agency, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

Note 3. Subrecipients

There were no awards passed through to subrecipients for the year ended June 30, 2022.



Jones, Nale & Mattingly PLC

**INDEPENDENT AUDITOR'S 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
Tri-County Community Action Agency, Inc.
LaGrange, Kentucky

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 Tri-County Community Action Agency (the Organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2022.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Jones, Nale & Mattingly PC

Louisville, Kentucky
December 15, 2022



Jones, Nale & Mattingly PLC

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

Board of Directors
Tri-County Community Action Agency, Inc.
LaGrange, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Tri-County Community Action Agency, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Tri-County Community Action Agency, Inc.'s major federal programs for the year ended June 30, 2022. Tri-County Community Action Agency, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Tri-County Community Action Agency, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Tri-County Community Action Agency, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

Jones, Nale & Mattingly PC

Louisville, Kentucky
December 15, 2022

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

Section I- Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Tri-County Community Action Agency were prepared in accordance with U.S. GAAP.
2. Internal control over financial reporting:
 - Material weakness identified? Yes X No
 - Significant deficiency identified? Yes X No
3. Noncompliance material to financial statements noted? Yes X No
4. Internal control over major programs:
 - Material weakness identified? Yes X No
 - Significant deficiency identified? Yes X No
5. The auditors' report on compliance for the major federal award programs for Tri-County Community Action Agency expresses an unmodified opinion on all major federal programs.
6. The audit did not disclose audit findings required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as a major program were:

| | |
|----------------------------|---|
| <u>Federal CFDA Number</u> | <u>Name of Major Federal Program</u> |
| 93.568 | Department of Health and Human Services: Low-Income Home Energy Assistance |
8. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
9. The auditee did qualify as a low-risk auditee.

Section II- Findings - Financial Statement Audit

There are no findings required to be reported.

Section III- Findings and Questioned Costs - Major Federal Award Programs Audit

There are no findings required to be reported.

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2022

Finding 2021-001 – Account Reconciliation and Financial Close

Condition:

There were certain accounts in the general ledger that had not been reconciled prior to the commencement of the audit. Adjustments related to grants receivable, grant income and property and equipment were made in addition to the reallocation of indirect costs.

Recommendation:

Monthly account reconciliations and closing procedures should be implemented and conducted on a timely basis after month and year end.

Current Status:

Recommended procedures for account reconciliation and financial close have been reviewed and no exceptions have been noted in the current audit. The finding is closed.