

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

FINANCIAL REPORT

June 30, 2024

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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, 2024 and 2023, 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 present fairly, in all material respects, the financial position of Tri-County Community Action Agency, Inc. as of June 30, 2024 and 2023, 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 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 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 the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 19, 2024, 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 19, 2024

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023

ASSETS	2024	2023
CURRENT ASSETS		
Cash	\$ 186,986	\$ 688,205
Certificates of deposit	415,979	200,000
Accounts receivable	9,101	3,320
Grants receivable	263,577	195,518
Prepaid expenses	751	4,771
Total current assets	876,394	1,091,814
PROPERTY AND EQUIPMENT		
Finance lease right-of-use assets, net	14,569	20,718
Building	142,315	142,315
Equipment and furniture	90,807	90,807
Vehicles	422,901	429,401
Leasehold improvements	303,214	274,255
	973,806	957,496
Less: accumulated depreciation	(649,649)	(586,657)
	324,157	370,839
Total assets	\$ 1,200,551	\$ 1,462,653

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

LIABILITIES AND NET ASSETS	<u>2024</u>	<u>2023</u>
CURRENT LIABILITIES		
Current maturities of finance leases	\$ 5,799	\$ 6,164
Accounts payable	210	5,615
Accrued expenses	85,052	78,106
Deferred revenue	3,066	3,200
Total current liabilities	<u>94,127</u>	<u>93,085</u>
LONG-TERM LIABILITIES		
Finance leases, less current maturities	<u>9,241</u>	<u>15,039</u>
Total long-term liabilities	<u>9,241</u>	<u>15,039</u>
Total liabilities	<u>103,368</u>	<u>108,124</u>
NET ASSETS		
Without donor restrictions	1,091,693	1,351,978
With donor restrictions	5,490	2,551
Total net assets	<u>1,097,183</u>	<u>1,354,529</u>
Total liabilities and net assets	<u>\$ 1,200,551</u>	<u>\$ 1,462,653</u>

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

STATEMENTS OF ACTIVITIES
Years Ended June 30, 2024 and 2023

NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>2024</u>	<u>2023</u>
Support and revenue	\$ 1,201,341	\$ 1,383,927
Grant funds	96,984	74,233
Fiscal court	9,508	11,836
Metro United Way	4,877	127,524
Contributions	110,514	105,989
Program fees	35,650	32,150
Rental income	129,619	129,539
Contributed nonfinancial assets	27,730	6,345
Interest income	8,644	15,150
Other income	<u>1,624,867</u>	<u>1,886,693</u>
Total support and revenue	<u>27,061</u>	<u>20,113</u>
Net assets released from restrictions	<u>27,061</u>	<u>20,113</u>
Expenses	1,683,824	1,685,459
Program services	228,389	242,812
Supporting services:	<u>1,912,213</u>	<u>1,928,271</u>
Administrative	<u>1,912,213</u>	<u>1,928,271</u>
Total expenses	<u>1,912,213</u>	<u>1,928,271</u>
(Decrease) in net assets without donor restrictions	<u>(260,285)</u>	<u>(21,465)</u>
NET ASSETS WITH DONOR RESTRICTIONS	30,000	--
Contributions	<u>(27,061)</u>	<u>(20,113)</u>
Net assets released from restrictions	<u>2,939</u>	<u>(20,113)</u>
Increase (decrease) in net assets with donor restrictions	<u>2,939</u>	<u>(20,113)</u>
(Decrease) in net assets	<u>(257,346)</u>	<u>(41,578)</u>
Net assets at beginning of year	<u>1,354,529</u>	<u>1,396,107</u>
Net assets at end of year	<u>\$ 1,097,183</u>	<u>\$ 1,354,529</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, 2024

	2024		
	Program Services	Supporting Services	Totals
		General and Administrative	
Salaries	\$ 580,812	\$ 84,125	\$ 664,937
Client assistance	385,796	--	385,796
Rent	127,444	--	127,444
Contract labor	18,289	--	18,289
Employee benefits	118,006	43,548	161,554
Professional fees	145,348	--	145,348
Depreciation and amortization	--	75,641	75,641
Payroll taxes	45,006	2,752	47,758
Utilities	42,556	564	43,120
Insurance - general	30,682	--	30,682
Travel	20,610	1,814	22,424
Miscellaneous	12,091	1,485	13,576
Supplies	39,643	2,478	42,121
Vehicle	42,716	388	43,104
Training	6,876	4,772	11,648
Telephone	14,790	792	15,582
Advertising	616	30	646
Maintenance and repairs	9,860	--	9,860
Equipment rent	4,111	1,951	6,062
Equipment purchase	32,385	--	32,385
Memberships, subscriptions, and fees	5,460	7,071	12,531
Interest	514	--	514
Postage	213	978	1,191
TOTAL PROGRAM AND SUPPORTING SERVICES EXPENSES	\$ 1,683,824	\$ 228,389	\$ 1,912,213

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, 2023

	2023		
	Program Services	Supporting Services	Totals
		General and Administrative	
Salaries	\$ 555,469	\$ 46,095	\$ 601,564
Client assistance	480,117	--	480,117
Rent	127,444	--	127,444
Contract labor	25,378	--	25,378
Employee benefits	113,782	35,925	149,707
Professional fees	105,881	46,167	152,048
Depreciation and amortization	--	75,741	75,741
Payroll taxes	40,074	6,124	46,198
Utilities	48,560	763	49,323
Insurance - general	28,136	--	28,136
Travel	21,445	335	21,780
Miscellaneous	23,465	2,192	25,657
Supplies	29,311	3,168	32,479
Vehicle	31,660	539	32,199
Training	8,763	1,660	10,423
Telephone	16,551	789	17,340
Advertising	2,756	--	2,756
Maintenance and repairs	3,062	128	3,190
Equipment rent	7,708	2,632	10,340
Equipment purchase	11,225	16,911	28,136
Memberships, subscriptions, and fees	3,659	2,597	6,256
Interest	499	--	499
Postage	514	1,046	1,560
TOTAL PROGRAM AND SUPPORTING SERVICES EXPENSES	\$ 1,685,459	\$ 242,812	\$ 1,928,271

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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) in net assets	\$ (257,346)	\$ (41,578)
Adjustments to reconcile (decrease) in net assets to net cash (used in) operating activities:		
Depreciation	69,492	70,846
Amortization of finance lease right-of-use asset	6,149	4,895
Changes in assets and liabilities, net of the effects of investing and financing activities:		
Certificates of deposit	(15,979)	--
Accounts receivable	(5,781)	(3,320)
Grants receivable	(68,059)	(62,331)
Prepaid expenses	4,020	20,085
Accounts payable	(5,405)	3,834
Accrued expenses	6,946	6,667
Deferred revenue	(134)	(43,290)
Net cash (used in) operating activities	<u>(266,097)</u>	<u>(44,192)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificate of deposit	(200,000)	(200,000)
Purchase of property and equipment	(28,959)	(22,778)
Net cash (used in) investing activities	<u>(228,959)</u>	<u>(222,778)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on finance leases	(6,163)	(4,834)
Net cash (used in) financing activities	<u>(6,163)</u>	<u>(4,834)</u>
Net (decrease) in cash	(501,219)	(271,804)
Cash at beginning of year	<u>688,205</u>	<u>960,009</u>
Cash at end of year	<u>\$ 186,986</u>	<u>\$ 688,205</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ 514</u>	<u>\$ 499</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. (the 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.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Accounts receivable and allowance for credit losses

The Organization operates as a community action agency, and its accounts receivable are primarily derived from fees for adult day care services. Trade accounts receivable are stated at net realizable value based on contracted prices. The Organization uses the allowance method to account for uncollectible accounts receivable. Management maintains an allowance for potential credit losses based on its assessment of the current status of the customer accounts. At each statement of financial position date, the Organization recognizes an expected allowance for credit losses. In addition, also at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist. Accounts receivable are usually collected within thirty days. The balance in accounts receivable as of June 30, 2024, 2023, and 2022 was \$9,101, \$3,320, and zero, respectively.

The allowance estimate is derived from a review of the Organization's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization. The Organization believes historical loss information is a reasonable starting point with which to calculate the expected allowance for credit losses as the Organization's portfolio segments have remained consistent since the Organization's inception.

The Organization writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the Organization's accounting policy election. The allowance for credit losses as of June 30, 2024 and 2023 was not material to the financial statements.

Certificates of deposit

Certificates of deposit are carried at cost, which approximates fair value. Fair value is determined by quoted prices for similar certificates of deposit in active markets (Level 2 inputs).

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. Amortization expense from finance leases is included with depreciation expense.

Leases

The Organization leases copiers and determines if an arrangement is a lease at inception. Finance leases are included in finance lease right-of-use assets, current maturities of finance leases, and finance leases, less current maturities on the statements of financial position.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Leases (continued)

Right-of-use assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. When a lease does not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The lease terms may include options to extend or terminate the lease when it is reasonably certain the option will be exercised.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Organization has lease agreements with lease and non-lease components, which are generally accounted for separately. For certain leases, the lease and non-lease components are accounted for as a single lease component. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease components is typically revised from one period to the next. These variable lease payments, which are primarily comprised of supply and maintenance costs, are recognized in operating expenses in the period in which the obligation for those payments was incurred.

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.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Contributions (continued)

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.

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, 2024 and 2023.

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, 2024 and 2023 totaled \$646 and \$2,756, 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.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Adoption of accounting pronouncement

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing the Organization's exposure to credit risk and the measurement of credit losses. The Organization's financial assets subject to the guidance include trade accounts receivable.

The Organization adopted the standard effective July 1, 2023. The impact of the adoption was not material to the financial statements and primarily resulted in new and enhanced disclosures only.

Subsequent events

Subsequent events have been evaluated through December 19, 2024, which is the date the financial statements were available to be issued.

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 as of June 30:

	2024	2023
Financial assets at year end:		
Cash	\$ 186,986	\$ 688,205
Certificates of deposit	415,979	200,000
Accounts receivable	9,101	3,320
Grants receivable	263,577	195,518
Total financial assets	875,643	1,087,043
Less amounts unavailable to be used within one year:		
Net assets with donor restrictions	(5,490)	(2,551)
	\$ 870,153	\$ 1,084,492

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 as of June 30:

	2024	2023
Kentuckiana Regional Planning and Development Agency:		
Title III-B (including transportation and adult day)	\$ 85,401	\$ 47,205
Title III-C	44,056	26,690
Title III-D	16,334	5,423
Home Care	36,048	19,124
Kentucky Cabinet for Health and Family Services:		
Community Services Block Grant	38,234	19,748
LIHEAP	517	--
Kentucky Housing Corporation:		
Weatherization LIHEAP	29,882	58,844
Weatherization Assistance Program	13,105	18,484
Total grants receivable	\$ 263,577	\$ 195,518

Note 4. Leases

The Organization has finance leases for copiers and printers. The leases have remaining lease terms of 1 year to 4 years.

The components of lease expense were as follows for the year ended June 30:

	2024	2023
Finance lease cost		
Right-of-use asset amortization	\$ 6,149	\$ 4,895
Interest expense	514	499
Total lease cost, net	\$ 6,663	\$ 5,394

NOTES TO FINANCIAL STATEMENTS

Note 4. Leases (Continued)

Other information related to leases was as follows for the year ended June 30:

	2024	2023
Supplemental cash flow information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance leases	\$ 514	\$ 499
Financing cash flows from finance leases	6,163	4,834
Right-of-use assets obtained in exchange for lease obligations		
Finance leases	--	20,294
Weighted average remaining lease term		
Finance leases	2.93 years	3.75 years
Weighted average discount rate		
Finance leases	2.88%	2.88%

Future undiscounted lease payments for finance leases with initial terms of one year or more consist of the following:

Years ending June 30:	
2025	\$ 6,135
2026	4,508
2027	3,677
2028	1,344
	15,664
Less: imputed interest	(624)
Net lease liabilities	\$ 15,040

The Organization also leases out office space in one of its buildings to other non-profits with lease terms of up to one year. Total lease income related to these leases is \$35,650 and \$32,150 for the years ended June 30, 2024 and 2023, respectively.

NOTES TO FINANCIAL STATEMENTS

Note 5. Net Assets with Donor Restrictions

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

	2024	2023
Subject to expenditure for a specific purpose:		
Compass	\$ 3,075	\$ --
Eyeglasses and exams	588	724
Winterhelp	77	77
WX-WDRP	1,750	1,750
Net assets with donor restrictions	\$ 5,490	\$ 2,551

Note 6. 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, 2024 and 2023.

The Organization also received vouchers, exchangeable for goods at certain Goodwill store locations. The amount of vouchers received were \$2,175 and \$2,095 for the years ended June 30, 2024 and 2023, respectively.

Note 7. 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, 2024 and 2023, salaries paid by the Organization totaling \$319,834 and \$362,363, 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 23.34% and 26.79% of the covered employees' compensation for the years ended June 30, 2024 and 2023, respectively. Pension expense includes contributions of \$74,649 and \$97,077 made by the Organization for its employees for the years ended June 30, 2024 and 2023, 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 7. 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 \$46,262 and \$38,996 as of June 30, 2024 and 2023, respectively. Employees who are fully-vested in CERS can use up to six months of sick pay towards their retirement benefits.



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, 2024 and 2023, and have issued our report thereon dated December 19, 2024, 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 19-30 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 PLC

Louisville, Kentucky
December 19, 2024

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.
LIST OF BOARD OF DIRECTORS
JUNE 30, 2024**

<u>Name</u>	<u>Address</u>
Will McCoy	Bedford, KY 40006
Judge John Ogburn	Bedford, KY 40006
Jane Proctor	Bedford, KY 40006
Susan Smithson	Bedford, KY 40006
Kenneth Cottongim	Bedford, KY 40006
Crystal Whitice	Bedford, KY 40006
Judge Scott Bates	Eminence, KY 40019
Keith Perry	New Castle, KY 40050
John Logan Brent	Turners Station, KY 40075
Melodye Ansman	Campbellsburg, KY 40011
Darlene Taylor	Campbellsburg, KY 40011
Lorraine Hawkins	Campbellsburg, KY 40011
Rebecca Zocklein	LaGrange, KY 40031
Dotty Sparrow	LaGrange, KY 40031
Bill Tucker	LaGrange, KY 40031
Judge David Voegele	LaGrange, KY 40031
Elsie Carter	LaGrange, KY 40031
Wayne Theiss	LaGrange, KY 40031

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

**COMMUNITY SERVICES BLOCK GRANT PROGRAM
STATEMENT OF FINANCIAL PARTICIPATION
Year Ended June 30, 2024**

	<u>CSBG State Funds</u>	<u>CSBG</u>	<u>Total</u>
<u>Obligated Funds</u>			
Total Contract Ceiling	\$ 60,644	\$ 80,883	\$ 141,527
General Fund Participation	\$ 60,644	\$ --	\$ 60,644
CSBG Financial Participation	--	80,883	80,883
Total Financial Participation/Allowable Expense	60,644	80,883	141,527
Less: Allowable Expense	<u>(60,644)</u>	<u>(80,883)</u>	<u>(141,527)</u>
Total Obligated Funds	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
<u>CSBG Over/Underpayment</u>			
Total Allowable Expense	\$ 60,644	\$ 80,883	\$ 141,527
Less: Contract payments received as of June 30, 2024	<u>(60,644)</u>	<u>(42,649)</u>	<u>(103,293)</u>
Payment due to the Agency at June 30, 2024	--	38,234	38,234
Payment received subsequent to June 30, 2024	--	38,234	38,234
Overpayment due grantor	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
<u>CSBG Local Match Requirement</u>			
CSBG Allowable Expense		<u>\$ 141,527</u>	
Funding Level Restated at 100%		<u>\$ 141,527</u>	
Local Match Required		\$ 35,382	
Less Local In-kind Match Provided		<u>(35,382)</u>	
Excess Local Match		<u>\$ --</u>	

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

COMMUNITY SERVICES BLOCK GRANT PROGRAM

STATEMENT OF ALLOWABLE EXPENSES

Year Ended June 30, 2024

	<u>State Funds</u>	<u>CSBG</u>	<u>Total</u>
Expenses:			
Personnel and fringes	\$ 36,558	\$ 57,869	\$ 94,427
Utilities	5,552	7,648	13,200
Supplies	2,869	1,531	4,400
Transportation	96	1,904	2,000
Client services	642	3,616	4,258
Staff development	1,639	828	2,467
Indirect costs	7,910	6,242	14,152
Other	5,378	36,627	42,005
Total Expenses	<u>60,644</u>	<u>116,265</u>	<u>176,909</u>
In-kind contributions	<u>--</u>	<u>(35,382)</u>	<u>(35,382)</u>
Total Allowable CSBG Expenses	60,644	80,883	141,527
Less contract payments	<u>(60,644)</u>	<u>(42,649)</u>	<u>(103,293)</u>
Net CSBG Under Payment Reflected in the Financial Statements	<u>\$ --</u>	<u>\$ 38,234</u>	<u>\$ 38,234</u>

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

LOW INCOME HOUSING ENERGY ASSISTANCE PROGRAM (LIHEAP)

STATEMENT OF PROGRAM EXPENDITURES

CONTRACT NUMBER LIHEAP-022

Year Ended June 30, 2024

Expenses:		
Administrative		
Salary	\$ 19,766	
Utilities	2,366	
Other	6,771	
Total Administrative		28,903
Benefits		
Subsidy	165,663	
Crisis	123,364	
Total Benefits		289,027
Total Expenses		<u>\$ 317,930</u>
Allowable Expenses:		
Administration		\$ 28,903
Benefits		289,027
Total Allowable Expenses		317,930
Less: Contract payments received as of June 30, 2024		<u>(317,413)</u>
Payment due the Agency at June 30, 2024		<u>\$ 517</u>

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

LOW INCOME HOUSING ENERGY ASSISTANCE PROGRAM (LIHEAP)

SCHEDULE OF BUDGET AND ACTUAL EXPENSES

CONTRACT NUMBER LIHEAP-022

Year Ended June 30, 2024

SCHEDULE OF BUDGET AND ACTUAL EXPENSES

	<u>Budget</u>	<u>Actual</u>	<u>Under Budget</u>
Administrative Costs	\$ 61,473	\$ 28,903	\$ 32,570
Subsidy Benefits	267,530	165,663	101,867
Crisis Benefits	351,171	123,364	227,807
Total	<u>\$ 680,174</u>	<u>\$ 317,930</u>	<u>\$ 362,244</u>

TRI-COUNTY COMMUNITY ACTION AGENCY, INC

**TITLE III-B SUPPORT SERVICES
SCHEDULE OF PROGRAM ACTIVITIES
CONTRACT NUMBER KIPDA-FY2024-1017 (TCCAA)
Year Ended June 30, 2024**

	<u>Contract Budget</u>	<u>Actual</u>
Revenue:		
Federal Funds	\$ 269,907	\$ 241,844
Federal Funds (ARPA)	28,283	14,641
State Funds	14,206	30,013
Required Match	<u>50,138</u>	<u>46,782</u>
 Total Revenue	 <u>\$ 362,534</u>	 <u>\$ 333,280</u>

	<u>Amount Earned</u>
Funding For Each Center	
Combined Special Funding-All Centers	\$ 11,370
Henry	51,995
Oldham	95,255
Trimble	47,283
Tri-County Transportation	<u>127,377</u>
 Totals	 <u>\$ 333,280</u>

Amount Earned is the lesser of:

Contract Amount (Federal and State Amounts)	\$ 284,113
Adult Day Care (provided as needed)	6,760
	<u>\$ 290,873</u>

Service Provided	<u>\$ 271,857</u>
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Amount Earned	\$ 271,857
Contract payments received as of June 30, 2024	<u>186,456</u>

Payment received subsequent to June 30, 2024	<u>\$ 85,401</u>
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TRI-COUNTY COMMUNITY ACTION AGENCY, INC

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

Year Ended June 30, 2024

	<u>Contract Budget</u>	<u>Actual</u>
Revenues:		
Federal Funds	\$ 170,368	\$ 133,643
Federal Funds (ARPA)	22,000	11,915
State Funds	3,477	13,667
Required Match	<u>30,678</u>	<u>15,268</u>
 Total Revenues	 <u>\$ 226,523</u>	 <u>\$ 174,493</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	\$ 78,735	10,458	\$ 4.75	\$ 49,676
C1 Food Service/Meal Delivery ARPA	As needed	7,358	4.04	29,726
 C2 Food Service/Meal Delivery	110,586	12,686	3.62	45,923
C2 Food Service/Meal Delivery ARPA	As needed	<u>6,830</u>	3.08	<u>21,036</u>
Total		<u>37,332</u>		146,361
 Eligibility Services				16,217
Additional ARPA Funding				11,915
 Total Amount Earned				<u>\$ 174,493</u>

Amount Earned is the lesser of:

Contract Amount	<u>\$ 173,845</u>
Service Provided	<u>\$ 159,225</u>
Amount Earned	\$ 159,225
 Contract payments received as of June 30, 2024	<u>115,169</u>
Payment received subsequent to June 30, 2024	<u>\$ 44,056</u>

TRI-COUNTY COMMUNITY ACTION AGENCY, INC

TITLE III-D HEALTH PROMOTION/DISEASE PREVENTION SERVICES

SCHEDULE OF PROGRAM ACTIVITIES

CONTRACT NUMBER KIPDA-FY2024-1017 (TCCAA)

Year Ended June 30, 2024

	<u>Contract Budget</u>	<u>Actual</u>
Revenue:		
Federal Funds	\$ 19,251	\$ 22,494
State Funds	<u>1,229</u>	<u>--</u>
Total Revenue	<u>\$ 20,480</u>	<u>\$ 22,494</u>

	<u>Funded Service</u>	<u>Federal Amount Earned</u>	<u>State Amount Earned</u>	<u>Total</u>
Funding For Each Center:				
All Locations	Bingocize	\$ 18,292	\$ --	\$ 18,292
All Locations	Walk with Ease	<u>4,202</u>	<u>--</u>	<u>4,202</u>
Totals		<u>\$ 22,494</u>	<u>\$ --</u>	<u>\$ 22,494</u>

Amount Earned is the lesser of:

Contract Amount (Federal and State Amounts)	\$ 20,480
Overage Allowed	<u>2,014</u>
	<u>\$ 22,494</u>
Service Provided	<u>\$ 22,494</u>
Amount Earned	\$ 22,494
Contract payments received as of June 30, 2024	<u>6,160</u>
Payment received subsequent to June 30, 2024	<u>\$ 16,334</u>

TRI-COUNTY COMMUNITY ACTION AGENCY, INC

**HEMECARE PROGRAM
SCHEDULE OF PROGRAM ACTIVITIES
CONTRACT NUMBER KIPDA-FY2024-1017 (TCCAA)
Year Ended June 30, 2024**

State Grantor: Commonwealth of Kentucky, Cabinet for Health Services
 Pass-through Grantor: KIPDA
 Program Title: Homecare Program
 Pass-through Contract No.: CONTRACT NUMBER KIPDA-FY2024-1017 (TCCAA)
 Period of Contract: July 1, 2023 to June 30, 2024

	<u>Contract Budget</u>	<u>Actual</u>
Revenues:		
State Funds	As Approved	\$ 111,486
Local Match	--	12,387
Total Revenues	<u>\$ --</u>	<u>\$ 123,873</u>

UNITS OF SERVICE	<u>Contract Budget</u>	<u>Actual Units Provided</u>	<u>Rate</u>	<u>Amount Earned</u>
Personal Care	As Approved	2,243	\$ 17.23	\$ 38,647
Chore	As Approved	137	22.26	3,050
Chore (HC)	As Approved	108	23.85	2,576
Escort	As Approved	225	30.74	6,917
Escort (HC)	As Approved	16	32.86	526
Homemaking	As Approved	3,641	17.23	62,733
Respite Homemaking (HC)	As Approved	547	17.23	9,424
Total		<u>6,917</u>		123,873
Less Match				(12,387)
Total Amount Earned				<u>\$ 111,486</u>

Amount Earned is the lesser of:

Contract Amount	As Ordered
Service Provided	<u>\$ 111,486</u>
Amount Earned	\$ 111,486
Contract payments received as of June 30, 2024	<u>75,438</u>
Payment received subsequent to June 30, 2024	<u>\$ 36,048</u>

TRI-COUNTY COMMUNITY ACTION AGENCY, INC
HEMOCARE PROGRAM
SCHEDULE OF PROGRAM ACTIVITIES (CONTINUED)
CONTRACT NUMBER KIPDA-FY2024-1017 (TCCAA)
Year Ended June 30, 2024

	Amount
Revenues:	
State funds	\$ 111,486
Local match	12,387
Total Revenues	123,873
Expenses:	
Salaries and fringes	89,213
Travel	18,367
Supplies	3,755
Insurance	2,220
Utilities	1,624
Other	4,591
Total Expenses	119,770
Total Revenues over Expenses	4,103
Indirect Expenses	20,165
Net (Expenses over Revenues)	\$ (16,062)

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.
DOE - WEATHERIZATION
STATEMENT OF EXPENSES
DOE WX23-0619-02
Year Ended June 30, 2024

	<u>DOE Weatherization Assistance</u>
Expenses:	
Administration	\$ 20,549
WX Materials & Labor	13,071
Program support	35,803
Health and Safety Materials & Labor	7,845
Weatherization Ready	600
Insurance	819
Audit	2,138
Training	525
Total Expenses	<u>\$ 81,350</u>
 Contract payments received as of June 30, 2024	 68,245
 Payment received subsequent to June 30, 2024	 <u><u>\$ 13,105</u></u>

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.
LIHEAP - WEATHERIZATION
STATEMENT OF EXPENSES
LIHEAP LH24-0619-02
Year Ended June 30, 2024

	<u>LIHEAP Weatherization Assistance</u>
Expenses:	
Administration	\$ 5,456
Materials & Labor	29,494
Program support	26,867
Health and Safety Materials & Labor	22,634
Insurance	<u>158</u>
Total Expenses	\$ 84,609
Contract payments received as of June 30, 2024	54,727
Payment received subsequent to June 30, 2024	<u><u>\$ 29,882</u></u>

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal ALN	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Energy Kentucky Housing Corporation Weatherization Assistance for Low-Income Persons Total Number 81.042	81.042	DOE WX24-0619-02	\$ 81,350 <u>81,350</u>
U.S. Department for Health and Human Services Kentucky Housing Corporation Low-Income Home Energy Assistance Program (LIHEAP) Weatherization Assistance Program	93.568	LIHEAP LH24-0619-02	84,609
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	303,034 14,896 <u>402,539</u>
U.S. Department for Health and Human Services Cabinet for Health and Family Services Community Services Block Grant Program Total 477 Cluster (93.569)	93.569	PON2 736 2300001909	80,883 <u>80,883</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, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal ALN	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	FY2024-1017 (TCCAA)	241,844
Title III-B Transportation, Support and Emergency In-Home Services (ARPA)	93.044	FY2024-1017 (TCCAA)	14,641
Title III-C1 Congregate Meal Services	93.045	FY2024-1017 (TCCAA)	85,416
Title III-C1 Congregate Meal Services (ARPA)	93.045	FY2024-1017 (TCCAA)	11,915
Title III-C2 Home Delivered Meal Services	93.045	FY2024-1017 (TCCAA)	37,981
Total Aging Cluster (93.044/93.045)			<u>391,797</u>
Coronavirus State and Local Fiscal Recovery Funds	21.027	FY2024-1017 (TCCAA)	10,246
Title III-D Health Promotion Disease	93.043	FY2024-1017 (TCCAA)	22,494
Aging and Disability Vaccination Collaborative	93.048	FY2024-1017 (TCCAA)	5,000
Total Department for Health and Human Services			<u>912,959</u>
U.S. Department of Homeland Security			
Emergency Food and Shelter National Board Program	97.024	3420-00	1,657
Total expenditures of federal awards			<u>\$ 995,966</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, 2024**

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, 2024. 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, 2024.



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, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 19, 2024.

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 19, 2024



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, 2024. 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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Our responsibilities under those standards and the Uniform Guidance are further described in the 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 19, 2024

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2024

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 No
 - Significant deficiency identified? Yes No
3. Noncompliance material to financial statements noted? Yes No
4. Internal control over major programs:
 - Material weakness identified? Yes No
 - Significant deficiency identified? Yes 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 ALN</u> 93.568	<u>Name of Major Federal Program</u> Department of Health and Human Services: Low-Income Home Energy Assistance
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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.