

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

**FINANCIAL REPORT**

**June 30, 2023**

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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, 2023 and 2022, 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, 2023 and 2022, 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 14, 2023, 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 14, 2023

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

**STATEMENTS OF FINANCIAL POSITION**

**June 30, 2023 and 2022**

ASSETS	<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 688,205	\$ 960,009
Accounts receivable	3,320	--
Grants receivable	195,518	133,187
Prepaid expenses	4,771	24,856
Total current assets	<u>891,814</u>	<u>1,118,052</u>
<b>OTHER ASSETS</b>		
Certificate of deposit	<u>200,000</u>	<u>--</u>
<b>PROPERTY AND EQUIPMENT</b>		
Finance lease right-of-use assets, net	20,718	--
Building	142,315	142,315
Equipment and furniture	90,807	100,644
Vehicles	429,401	429,401
Leasehold improvements	274,255	251,477
	<u>957,496</u>	<u>923,837</u>
Less: accumulated depreciation and amortization	<u>(586,657)</u>	<u>(520,566)</u>
	<u>370,839</u>	<u>403,271</u>
Total assets	<u><u>\$ 1,462,653</u></u>	<u><u>\$ 1,521,323</u></u>

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

LIABILITIES AND NET ASSETS	<u>2023</u>	<u>2022</u>
<b>CURRENT LIABILITIES</b>		
Current maturities of finance leases	\$ 6,164	\$ --
Current maturities of capital leases	--	1,903
Accounts payable	5,615	1,781
Accrued expenses	78,106	71,439
Deferred revenue	3,200	46,490
Total current liabilities	<u>93,085</u>	<u>121,613</u>
<b>LONG-TERM LIABILITIES</b>		
Finance leases, less current maturities	15,039	--
Capital leases, less current maturities	--	3,603
Total long-term liabilities	<u>15,039</u>	<u>3,603</u>
Total liabilities	<u>108,124</u>	<u>125,216</u>
<b>NET ASSETS</b>		
Without donor restrictions	1,351,978	1,373,443
With donor restrictions	2,551	22,664
Total net assets	<u>1,354,529</u>	<u>1,396,107</u>
Total liabilities and net assets	<u>\$ 1,462,653</u>	<u>\$ 1,521,323</u>

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

**STATEMENTS OF ACTIVITIES**  
**Years Ended June 30, 2023 and 2022**

NET ASSETS WITHOUT DONOR RESTRICTIONS	2023	2022
Support and revenue		
Grant funds	\$ 1,383,927	\$ 1,730,963
Fiscal court	74,233	80,663
Metro United Way	11,836	11,705
Contributions	127,524	20,496
Program fees	105,989	57,889
Rental income	32,150	43,250
Contributed nonfinancial assets	129,539	127,444
Interest income	6,345	4,760
Other income	15,150	15,176
Total support and revenue	1,886,693	2,092,346
Net assets released from restrictions	20,113	18,499
Expenses		
Program services	1,685,459	1,937,230
Supporting services:		
Administrative	242,812	198,267
Fundraising	-	95
Total expenses	1,928,271	2,135,592
(Decrease) in net assets without donor restrictions	(21,465)	(24,747)
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	-	11,098
Net assets released from restrictions	(20,113)	(18,499)
(Decrease) in net assets with donor restrictions	(20,113)	(7,401)
(Decrease) in net assets	(41,578)	(32,148)
Net assets at beginning of year	1,396,107	1,428,255
Net assets at end of year	\$ 1,354,529	\$ 1,396,107

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, 2023**

	2023			Totals
	Program Services	Supporting Services		
		General and Administrative	Fundraising	
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	--	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
<b>TOTAL PROGRAM AND SUPPORTING SERVICES EXPENSES</b>	<b>\$ 1,685,459</b>	<b>\$ 242,812</b>	<b>\$ --</b>	<b>\$ 1,928,271</b>

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, 2022**

	2022			Totals
	Program Services	Supporting Services		
		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
<b>TOTAL PROGRAM AND SUPPORTING SERVICES EXPENSES</b>	<b>\$ 1,937,230</b>	<b>\$ 198,267</b>	<b>\$ 95</b>	<b>\$ 2,135,592</b>

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, 2023 and 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Decrease) in net assets	\$ (41,578)	\$ (32,148)
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities:		
Depreciation	70,846	81,818
Amortization of finance lease right-of-use asset	4,895	--
Changes in assets and liabilities, net of the effects of investing and financing activities:		
Accounts receivable	(3,320)	106
Grants receivable	(62,331)	(148)
Prepaid expenses	20,085	(23,966)
Accounts payable	3,834	(11,351)
Accrued expenses	6,667	6,398
Deferred revenue	(43,290)	33,667
Net cash provided by (used in) operating activities	(44,192)	54,376
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of certificate of deposit	(200,000)	--
Purchase of property and equipment	(22,778)	(15,907)
Net cash (used in) investing activities	(222,778)	(15,907)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on long-term debt	--	(81,997)
Principal payments on finance leases	(4,834)	--
Payments on capital lease payable	--	(1,993)
Net cash (used in) financing activities	(4,834)	(83,990)
Net (decrease) in cash	(271,804)	(45,521)
Cash at beginning of year	960,009	1,005,530
Cash at end of year	\$ 688,205	\$ 960,009
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash payments for interest	\$ 499	\$ 3,033

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.

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, 2023 and 2022.

## NOTES TO FINANCIAL STATEMENTS

### Note 1. Summary of Significant Accounting Policies (Continued)

#### 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. Property and equipment held under capital leases are also amortized using the straight-line method over estimated lives. Amortization expense from capital and finance leases is included with depreciation expense.

#### Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of right-of-use assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective July 1, 2022 and recognized and measured leases existing at, or entered into after, July 1, 2022 (the beginning of the period of adoption), with certain practical expedients available.

The Organization elected the available practical expedients to account for its existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on July 1, 2022, a lease liability of \$5,506 and a right-of-use asset of \$5,083, which represent the carrying amount of the capital lease obligations and assets on June 30, 2022.

Adoption of the standard had no material impact on the Organization's financial position or results of operations.

The Organization leases copy machines 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, 2023 and 2022.

#### 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, 2023 and 2022 totaled \$2,756 and \$784, 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)

#### Subsequent events

Subsequent events have been evaluated through December 14, 2023, 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 at June 30:

	2023	2022
Financial assets at year end:		
Cash	\$ 688,205	\$ 960,009
Accounts receivable	3,320	--
Grants receivable	195,518	133,187
Certificate of deposit	200,000	--
Total financial assets	1,087,043	1,093,196
Less amounts unavailable to be used within one year:		
Net assets with donor restrictions	(2,551)	(22,664)
	\$ 1,084,492	\$ 1,070,532

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:

	2023	2022
Kentuckiana Regional Planning and Development Agency:		
Title III-B (including transportation and adult day)	\$ 47,205	\$ 35,768
Title III-C	26,690	23,710
Title III-D	5,423	6,430
Home Care	19,124	33,487
 Kentucky Cabinet for Health and Family Services:		
Community Services Block Grant	19,748	22,377
LIHEAP	--	2,628
 Kentucky Housing Corporation:		
Weatherization LIHEAP	58,844	8,725
Weatherization Assistance Program	18,484	--
 Other grants receivable	--	62
Total grants receivable	\$ 195,518	\$ 133,187

### Note 4. Leases

The Organization has finance leases for copy machines and printers. The leases have remaining lease terms of 1 year to 5 years. As of June 30, 2023, assets recorded under finance leases were \$20,718 and accumulated amortization associated with finance leases was \$5,050.

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

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

## NOTES TO FINANCIAL STATEMENTS

### Note 4. Leases (Continued)

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

	2023
Supplemental cash flow information	
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from finance leases	\$ 499
Financing cash flows from finance leases	4,834
Right-of-use assets obtained in exchange for lease obligations	
Finance leases	\$ 20,294
Weighted average remaining lease term	
Finance leases	3.75 years
Weighted average discount rate	
Finance leases	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:	
2024	\$ 6,677
2025	6,135
2026	4,508
2027	3,677
2028	1,344
	\$ 22,341
Less: imputed interest	(1,138)
Net lease liabilities	\$ 21,203

As of June 30, 2022, the Organization's finance leases were accounted for as capital leases under ASC 840. The cost of equipment under capital leases was \$9,837, with related accumulated depreciation of \$4,754 for the year ended June 30, 2022. Depreciation expense on capital leases was \$1,967 for the year ended June 30, 2022.

The Organization also leases out office space in one of its buildings to other non-profits on a month-to-month basis. Total lease income related to these leases is \$32,150 for the year ended June 30, 2023. Subsequent to year-end, the Organization entered into a one-year lease agreement for office space in the building with another non-profit.

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Net Assets with Donor Restrictions

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

	2023	2022
Subject to expenditure for a specific purpose:		
Compass	\$ - -	\$ 19,615
Eyeglasses and exams	724	1,222
Winterhelp	77	77
WX-WDRP	1,750	1,750
Net assets with donor restrictions	\$ 2,551	\$ 22,664

### 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, 2023 and 2022.

The Organization also received vouchers, exchangeable for goods at certain Goodwill store locations. The amount of vouchers received were \$2,095 and zero for the years ended June 30, 2023 and 2022, 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, 2023 and 2022, salaries paid by the Organization totaling \$332,810 and \$277,156, 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 26.79% and 26.95% of the covered employees' compensation for the years ended June 30, 2023 and 2022, respectively. Pension expense includes contributions of \$97,077 and \$74,694 made by the Organization for its employees for the years ended June 30, 2023 and 2022, 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 \$38,996 and \$44,023 at June 30, 2023 and 2022, 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, 2023 and 2022, and have issued our report thereon dated December 14, 2023, 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 14, 2023

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**LIST OF BOARD OF DIRECTORS**  
**JUNE 30, 2023**

<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 Fletcher	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, 2023**

	<u>CSBG State Funds</u>	<u>CSBG</u>	<u>Total</u>
<u>Obligated Funds</u>			
Total Contract Ceiling	\$ 60,644	\$ 129,563	\$ 190,207
General Fund Participation	\$ 60,644	\$ --	\$ 60,644
CSBG Financial Participation	--	129,563	129,563
Total Financial Participation/Allowable Expense	60,644	129,563	190,207
Less: Allowable Expense	(60,644)	(129,563)	(190,207)
Total Obligated Funds	\$ --	\$ --	\$ --
<u>CSBG Over/Underpayment</u>			
Total Allowable Expense	\$ 60,644	\$ 129,563	\$ 190,207
Less: Contract payments received as of June 30, 2023	(60,644)	(109,815)	(170,459)
Payment due to the Agency at June 30, 2023	--	19,748	19,748
Payment received subsequent to June 30, 2023	--	19,748	19,748
Overpayment due grantor	\$ --	\$ --	\$ --
<u>CSBG Local Match Requirement</u>			
CSBG Allowable Expense		\$ 190,207	
Funding Level Restated at 100%		\$ 190,207	
Local Match Required		\$ 38,041	
Less Local In-kind Match Provided		(38,041)	
Excess Local Match		\$ --	

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

**COMMUNITY SERVICES BLOCK GRANT PROGRAM  
STATEMENT OF ALLOWABLE EXPENSES  
Year Ended June 30, 2023**

	<u>State Funds</u>	<u>CSBG</u>	<u>Total</u>
Expenses:			
Personnel and fringes	\$ 20,746	\$ 81,438	\$ 102,184
Utilities	2,495	8,487	10,982
Equipment	26,020	341	26,361
Supplies	1,918	8,728	10,646
Transportation	107	38	145
Client services	852	1,088	1,940
Staff development	1,460	1,771	3,231
Indirect costs	3,891	16,772	20,663
Other	3,155	48,941	52,096
Total Expenses	<u>60,644</u>	<u>167,604</u>	<u>228,248</u>
In-kind contributions	<u>--</u>	<u>(38,041)</u>	<u>(38,041)</u>
Total Allowable CSBG Expenses	60,644	129,563	190,207
Less contract payments	<u>(60,644)</u>	<u>(109,815)</u>	<u>(170,459)</u>
Net CSBG Under Payment Reflected in the Financial Statements	<u>\$ --</u>	<u>\$ 19,748</u>	<u>\$ 19,748</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, 2023**

Expenses:		
Administrative		
Salary	\$ 23,328	
Utilities	2,423	
Other	7,215	
Total Administrative		32,966
Benefits		
Subsidy	151,120	
Crisis	180,151	
Total Benefits		331,271
Total Expenses		\$ 364,237
Allowable Expenses:		
Administration		\$ 32,966
Benefits		331,271
Total Allowable Expenses		364,237
Less: Contract payments received as of June 30, 2023		(364,237)
Payment due the Agency at June 30, 2023		\$ --

**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, 2023**

**SCHEDULE OF BUDGET AND ACTUAL EXPENSES**

	<u>Budget</u>	<u>Actual</u>	<u>Under Budget</u>
Administrative Costs	\$ 58,212	\$ 32,966	\$ 25,246
Subsidy Benefits	250,878	151,120	99,758
Crisis Benefits	331,278	180,151	151,127
Total	<u>\$ 640,368</u>	<u>\$ 364,237</u>	<u>\$ 276,131</u>

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

**TITLE III-B SUPPORT SERVICES  
SCHEDULE OF PROGRAM ACTIVITIES  
CONTRACT NUMBER KIPDA-FY2023-1017 (TCCAA)  
Year Ended June 30, 2023**

	<u>Contract Budget</u>	<u>Actual</u>
Revenue:		
Federal Funds	\$ 254,573	\$ 210,663
State Funds	13,212	71,396
Required Match	<u>47,707</u>	<u>47,360</u>
 Total Revenue	 <u><u>\$ 315,492</u></u>	 <u><u>\$ 329,419</u></u>

	<u>Amount Earned</u>
Funding For Each Center	
Henry	\$ 62,023
Oldham	108,664
Trimble	54,485
Tri-County Transportation	<u>104,247</u>
 Totals	 <u><u>\$ 329,419</u></u>

Amount Earned is the lesser of:

Contract Amount (Federal and State Amounts)	\$ 267,785
Adult Day Care (provided as needed)	7,078
Overage allowed	<u>7,196</u>
	<u><u>\$ 282,059</u></u>

Service Provided	<u><u>\$ 282,059</u></u>
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Amount Earned	\$ 282,059
Contract payments received as of June 30, 2023	<u>234,854</u>

Payment received subsequent to June 30, 2023	<u><u>\$ 47,205</u></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, 2023**

	Contract Budget	Actual
Revenues:		
Federal Funds	\$ 170,368	\$ 140,948
State Funds	3,477	10,556
Required Match	30,678	27,286
Total Revenues	\$ 204,523	\$ 178,790

	Contract Budget	Actual Units Provided	Rate	Amount Earned
UNITS OF SERVICE				
C1 Food Service/Meal Delivery	\$ 66,619	14,921	\$ 4.75	\$ 70,875
C2 Food Service/Meal Delivery	84,618	24,690	3.62	89,378
Total		39,611		160,253
Eligibility Services				18,537
Total Amount Earned				\$ 178,790

Amount Earned is the lesser of:

Contract Amount	\$ 173,845
Service Provided	\$ 151,504
Amount Earned	\$ 151,504
Contract payments received as of June 30, 2023	124,814
Payment received subsequent to June 30, 2023	\$ 26,690

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

**TITLE III-D HEALTH PROMOTION/DISEASE PREVENTION SERVICES  
SCHEDULE OF PROGRAM ACTIVITIES  
CONTRACT NUMBER KIPDA-FY2023-1017 (TCCAA)  
Year Ended June 30, 2023**

	Contract Budget	Actual
Revenue:		
Federal Funds	\$ 13,422	\$ - -
State Funds	857	17,754
Total Revenue	\$ 14,279	\$ 17,754

	Funded Service	Federal Amount Earned	State Amount Earned	Total
Funding For Each Center:				
All Locations	Bingocize	\$ - -	\$ 13,975	\$ 13,975
Oldham	Walk with Ease	- -	3,779	3,779
Totals		\$ - -	\$ 17,754	\$ 17,754

Amount Earned is the lesser of:

Contract Amount (Federal and State Amounts)	\$ 14,279
Service Provided	\$ 14,279
Amount Earned	\$ 14,279
Contract payments received as of June 30, 2023	8,856
Payment received subsequent to June 30, 2023	\$ 5,423

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

**HEMOCARE PROGRAM  
SCHEDULE OF PROGRAM ACTIVITIES  
CONTRACT NUMBER KIPDA-FY2023-1017 (TCCAA)  
Year Ended June 30, 2023**

State Grantor: Commonwealth of Kentucky, Cabinet for Health Services  
 Pass-through Grantor: KIPDA  
 Program Title: Homecare Program  
 Pass-through Contract No.: CONTRACT NUMBER KIPDA-FY2023-1017 (TCCAA)  
 Period of Contract: July 1, 2022 to June 30, 2023

	<u>Contract Budget</u>	<u>Actual</u>
Revenues:		
State Funds	As Approved	\$ 124,547
Local Match	--	13,839
	<u>                    </u>	<u>                    </u>
Total Revenues	\$ --	\$ 138,386

UNITS OF SERVICE	<u>Contract Budget</u>	<u>Actual Units Provided</u>	<u>Rate</u>	<u>Amount Earned</u>
Personal Care	As Approved	2,083	\$ 16.25	\$ 33,849
		774	17.23	13,336
Chore	As Approved	9	21.00	189
		--	22.26	--
Chore (HC)	As Approved	--	22.50	--
		30	23.85	716
Escort	As Approved	84	29.00	2,436
		46	32.86	1,512
Escort (HC)	As Approved	106	31.00	3,286
		99	30.74	3,043
Homemaking	As Approved	3,083	16.25	50,098
		1,285	17.23	22,141
Respite Homemaking (HC)	As Approved	342	16.25	5,557
		129	17.23	2,223
		<u>                    </u>		<u>                    </u>
Total		<u>8,070</u>		138,386
Less Match				(13,839)
Total Amount Earned				<u>\$ 124,547</u>

Amount Earned is the lesser of:

Contract Amount	As Ordered
Service Provided	<u>\$ 124,547</u>

Amount Earned	\$ 124,547
Contract payments received as of June 30, 2023	<u>105,423</u>

Payment received subsequent to June 30, 2023	<u>\$ 19,124</u>
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**TRI-COUNTY COMMUNITY ACTION AGENCY, INC**

**HEMOCARE PROGRAM  
SCHEDULE OF PROGRAM ACTIVITIES (CONTINUED)  
CONTRACT NUMBER KIPDA-FY2023-1017 (TCCAA)  
Year Ended June 30, 2023**

	<u>Amount</u>
Revenues:	
State funds	\$ 124,547
Local match	13,839
Total Revenues	<u>138,386</u>
Expenses:	
Salaries and fringes	97,599
Travel	18,915
Supplies	1,171
Insurance	2,220
Utilities	1,478
Other	3,379
Total Expenses	<u>124,762</u>
Total Revenues over Expenses	13,624
Indirect Expenses	<u>22,143</u>
Net Revenues over Expenses	<u><u>\$ (8,519)</u></u>

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**DOE - WEATHERIZATION**  
**STATEMENT OF EXPENSES**  
**DOE WX23-0619-02**  
**Year Ended June 30, 2023**

	DOE Weatherization Assistance
Expenses:	
Administration	\$ 15,108
WX Materials & Labor	25,893
Program support	29,911
Health and Safety Materials & Labor	8,783
Weatherization Ready	5,000
Insurance	819
Audit	3,913
Training	158
Total Expenses	\$ 89,585
 Contract payments received as of June 30, 2023	 71,101
 Payment received subsequent to June 30, 2023	 \$ 18,484

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**LIHEAP - WEATHERIZATION**  
**STATEMENT OF EXPENSES**  
**LIHEAP LH23-0619-02**  
**Year Ended June 30, 2023**

	LIHEAP Weatherization Assistance
Expenses:	
Administration	\$ 4,544
Materials & Labor	39,043
Program support	50,944
Health and Safety Materials & Labor	22,927
Insurance	158
Training	2,799
Total Expenses	\$ 120,415
 Contract payments received as of June 30, 2023	 61,571
 Payment received subsequent to June 30, 2023	 \$ 58,844

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal ALN Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Energy Kentucky Housing Corporation Weatherization Assistance for Low-Income Persons	81.042	DOE WX23-0619-02	\$ <u>89,585</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 LH23-0619-02	120,415
U.S. Department for Health and Human Services Community Action Kentucky Low-Income Home Energy Assistance Program (LIHEAP) Total Number 93.568	93.568	LIHEAP-022	<u>364,237</u> <u>484,652</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 2200002050	<u>129,563</u> <u>129,563</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, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal ALN 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	FY2023-1017 (TCCAA)	210,663
Title III-C1 Congregate Meal Services	93.045	FY2023-1017 (TCCAA)	72,141
Title III-C2 Home Delivered Meal Services	93.045	FY2023-1017 (TCCAA)	68,807
Total Aging Cluster (93.044/93.045)			<u>351,611</u>
Total Department for Health and Human Services			<u>965,826</u>
U.S. Department of Homeland Security			
Emergency Food and Shelter National Board Program	97.024	3420-00	<u>18,011</u>
Total expenditures of federal awards			<u><u>\$ 1,073,422</u></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, 2023**

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, 2023. 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, 2023.



*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, 2023, 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 14, 2023.

**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 P.C.*

Louisville, Kentucky  
December 14, 2023



*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, 2023. 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, 2023.

***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 P.C.*

Louisville, Kentucky  
December 14, 2023

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2023**

**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 ALN 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.