

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

FINANCIAL REPORT

June 30, 2021

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS	1-2
FINANCIAL STATEMENTS	
Statements of financial position	3
Statements of activities	4
Statements of functional expenses	5-6
Statements of cash flows	7
Notes to financial statements	8-15
INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION	16
SUPPLEMENTARY INFORMATION	
List of board of directors	17
Community Services Block Grant Program – statement of financial participation	18
Community Services Block Grant Program – statement of allowable expenses	19
LIHEAP – statement of program expenditures	20
LIHEAP – schedule of budget and actual expenses	21
Title III-B Support services – schedule of program activities	22
Title III-C Congregate and home delivered meal services – schedule of program activities	23
Title III-D Health promotion / disease prevention services – schedule of program activities	24
Homecare program – schedule of program activities	25-26
DOE – Weatherization – statement of expenses	27
LIHEAP – Weatherization – statement of expenses	28
Schedule of expenditures of federal awards	29-30
Notes to the schedule of expenditures of federal awards	31
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	32-33
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	34-35
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	36-37



Jones, Nale & Mattingly PLC

INDEPENDENT AUDITOR'S REPORT

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

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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tri-County Community Action Agency, Inc. as of June 30, 2021 and 2020, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2022, on our consideration of Tri-County Community Action Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Tri-County Community Action Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tri-County Community Action Agency's internal control over financial reporting and compliance.

Emphasis of Matter

As discussed in Note 1, Tri-County Community Action Agency, Inc. has adopted Financial Accounting Standards Update 2014-09, *Revenue from Contracts with Customers*. Our opinion is not modified with respect to this matter.

Jones, Nale & Mattingly PLC

Louisville, Kentucky
February 23, 2022

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

ASSETS	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash	\$ 1,005,530	\$ 514,549
Accounts receivable	106	2,154
Grants receivable	133,039	173,570
Prepaid expenses	890	841
Total current assets	<u>1,139,565</u>	<u>691,114</u>
PROPERTY AND EQUIPMENT		
Building	142,315	142,315
Equipment and furniture	96,059	96,059
Vehicles	429,401	369,703
Leasehold improvements	251,477	198,847
Construction in progress	--	4,500
	<u>919,252</u>	<u>811,424</u>
Less: accumulated depreciation	<u>(450,070)</u>	<u>(376,393)</u>
	<u>469,182</u>	<u>435,031</u>
Total assets	<u>\$ 1,608,747</u>	<u>\$ 1,126,145</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of long term debt	\$ 9,284	\$ 8,759
Current portion of capital lease payable	1,993	3,954
Accrued expenses	78,173	74,874
Deferred revenue	12,823	--
Total current liabilities	<u>102,273</u>	<u>87,587</u>
LONG-TERM LIABILITIES		
Long term debt, less current portion	72,713	82,005
Capital lease payable, less current portion	5,506	7,496
Total long-term liabilities	<u>78,219</u>	<u>89,501</u>
Total liabilities	<u>180,492</u>	<u>177,088</u>
NET ASSETS		
Without donor restrictions	1,398,190	902,763
With donor restrictions	30,065	46,294
Total net assets	<u>1,428,255</u>	<u>949,057</u>
Total liabilities and net assets	<u>\$ 1,608,747</u>	<u>\$ 1,126,145</u>

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

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

STATEMENTS OF ACTIVITIES
Years Ended June 30, 2021 and 2020

NET ASSETS WITHOUT DONOR RESTRICTIONS	2021	2020
Support and revenue		
Grant funds	\$ 2,079,621	\$ 1,565,399
Fiscal court	69,200	69,200
Metro United Way	14,370	31,286
Contributions	56,347	99,388
Program fees	21,350	61,216
Rental income	37,500	16,250
In-kind revenue	127,444	127,444
Interest income	2,677	1,280
Fundraising income	--	22,868
Other income	18,872	15,447
Gain on disposition of property and equipment	8,092	--
Total support and revenue	2,435,473	2,009,778
Net assets released from restrictions	42,066	2,147
Expenses		
Program services	1,660,106	1,410,797
Supporting services:		
Administrative	322,006	273,243
Fundraising	--	6,486
Total expenses	1,982,112	1,690,526
Increase in net assets without donor restrictions	495,427	321,399
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	25,837	15,304
Net assets released from restrictions	(42,066)	(2,147)
Increase (decrease) in net assets with donor restrictions	(16,229)	13,157
Increase in net assets	479,198	334,556
Net assets at beginning of year	949,057	614,501
Net assets at end of year	\$ 1,428,255	\$ 949,057

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, 2021

	2021			
	Program Services	Supporting Services		Totals
		General and Administrative	Fundraising	
Salaries	\$ 409,655	\$ 52,693	\$ --	\$ 462,348
Client assistance	827,539	980	--	828,519
Rent	31,594	95,850	--	127,444
Contract labor	29,548	--	--	29,548
Employee benefits	65,658	22,707	--	88,365
Professional fees	60,785	31,272	--	92,057
Depreciation	20,210	68,218	--	88,428
Payroll taxes	33,093	4,509	--	37,602
Utilities	36,136	468	--	36,604
Insurance - general	30,929	921	--	31,850
Travel	20,612	--	--	20,612
Miscellaneous	14,907	21,909	--	36,816
Supplies	26,900	6,922	--	33,822
Vehicle	18,479	59	--	18,538
Training	2,654	417	--	3,071
Telephone	11,404	856	--	12,260
Advertising	939	82	--	1,021
Maintenance and repairs	503	9,435	--	9,938
Equipment rent	3,590	2,512	--	6,102
Equipment purchase	6,813	624	--	7,437
Memberships, subscriptions, and fees	1,775	--	--	1,775
Interest	5,290	507	--	5,797
Postage	1,093	1,065	--	2,158
TOTAL PROGRAM AND SUPPORTING SERVICES EXPENSES	\$ 1,660,106	\$ 322,006	\$ --	\$ 1,982,112

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, 2020

	2020			Totals
	Program Services	Supporting Services		
		General and Administrative	Fundraising	
Salaries	\$ 473,669	\$ 60,145	\$ --	\$ 533,814
Client assistance	464,907	1,483	--	466,390
Rent	31,594	95,850	--	127,444
Contract labor	68,621	--	--	68,621
Employee benefits	70,819	15,556	--	86,375
Professional fees	48,042	18,246	--	66,288
Depreciation	15,994	46,331	--	62,325
Payroll taxes	37,140	4,110	--	41,250
Utilities	39,164	630	--	39,794
Insurance - general	29,222	232	--	29,454
Travel	31,045	78	--	31,123
Miscellaneous	21,738	11,116	--	32,854
Supplies	21,698	6,301	6,086	34,085
Vehicle	21,487	11	--	21,498
Training	4,607	589	--	5,196
Telephone	11,618	1,049	--	12,667
Advertising	1,745	3,529	--	5,274
Maintenance and repairs	4,048	3,474	--	7,522
Equipment rent	3,252	2,022	400	5,674
Equipment purchase	280	719	--	999
Memberships, subscriptions, and fees	2,997	300	--	3,297
Interest	5,933	334	--	6,267
Postage	1,177	1,138	--	2,315
TOTAL PROGRAM AND SUPPORTING SERVICES EXPENSES	\$ 1,410,797	\$ 273,243	\$ 6,486	\$ 1,690,526

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 479,198	\$ 334,556
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
(Gain) on disposition of property and equipment	(8,092)	--
Depreciation	88,428	62,325
Changes in assets and liabilities, net of the effects of investing and financing activities:		
Accounts receivable	2,048	1,222
Grants receivable	40,531	(34,553)
Prepaid expenses	(49)	(82)
Accrued expenses	3,299	13,608
Deferred revenue	12,823	--
Net cash provided by operating activities	<u>618,186</u>	<u>377,076</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(122,828)	(211,840)
Proceeds from sale of property and equipment	8,341	--
Net cash (used in) investing activities	<u>(114,487)</u>	<u>(211,840)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(8,767)	(8,236)
Payments on capital lease payable	(3,951)	(3,046)
Net cash (used in) financing activities	<u>(12,718)</u>	<u>(11,282)</u>
Net increase in cash	490,981	153,954
Cash at beginning of year	<u>514,549</u>	<u>360,595</u>
Cash at end of year	<u>\$ 1,005,530</u>	<u>\$ 514,549</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ 5,806</u>	<u>\$ 6,163</u>

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

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Nature of operations

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

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

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

Use of estimates

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

Cash

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

Accounts receivable

Accounts receivable consists of amounts due to the Organization primarily for fees for services. All receivables are stated at net realizable value. Receivables are written off as they become uncollectible. Management believes all amounts are collectible and there is no allowance for doubtful accounts as of June 30, 2021 and 2020.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Property and equipment

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

Capital leases

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

Functional expenses

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

Grant and deferred revenue

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

Contributions

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

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Revenue recognition

Adoption of accounting pronouncement

The Organization adopted Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (ASC 606) and all related amendments as of July 1, 2020. The new standard replaces existing revenue recognition rules with a single comprehensive model to use in accounting for revenue arising from contracts with customers. The standard was adopted using the modified retrospective method and had no effect on the Organization's financial position or results of operations.

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, 2021 and 2020 totaled \$1,021 and \$5,724, respectively.

Income taxes

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

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

Subsequent events

Subsequent events have been evaluated through February 23, 2022, which is the date the financial statements were available to be issued.

Reclassifications

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Recent accounting pronouncement

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

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

Note 2. Liquidity and Availability of Resources

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

	2021	2020
Financial assets at year end:		
Cash	\$ 1,005,530	\$ 514,549
Accounts receivable	106	2,154
Grants receivable	133,039	173,570
Total financial assets	1,138,675	690,273
Less amounts unavailable to be used within one year:		
Net assets with donor restrictions	(30,065)	(46,294)
	\$ 1,108,610	\$ 643,979

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:

	2021	2020
Kentucky Regional Planning and Development Agency:		
Title III-B (including transportation)	\$ 34,818	\$ 42,172
Title III-C	20,783	28,765
Home Care	17,477	15,737
 Kentucky Cabinet for Health and Family Services:		
Community Services Block Grant	9,516	27,653
LIHEAP	22,539	19,860
 Kentucky Association for Community Action Agencies:		
Weatherization LIHEAP	27,809	18,956
Weatherization Assistance Program	97	20,427
Total grants receivable	\$ 133,039	\$ 173,570

Note 4. Capital Lease

The Organization has leased two copiers that have been classified as capital leases. The economic substance of the leases is that the Organization is financing the acquisition of the office equipment through the leases, and accordingly, the leased assets and related debt are recorded in the Organization's assets and liabilities. The leased assets included in equipment and furniture were \$21,161 with related accumulated depreciation of \$14,109 and \$10,066 at June 30, 2021 and 2020, respectively.

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

Year ending June 30:			
	2022	\$	2,365
	2023		2,169
	2024		2,169
	2025		1,627
			8,330
Total minimum lease payments			8,330
Less amount representing interest			(831)
Present value of minimum lease payments			7,499
Less current obligations under capital lease			(1,993)
Long-term obligations under capital lease			\$ 5,506

NOTES TO FINANCIAL STATEMENTS

Note 5. Long-Term Debt

Long-term debt consisted of the following at June 30:

	2021	2020
Note payable	\$ 81,997	\$ 90,764
Less current portion	9,284	8,759
Total long-term debt, less current portion	\$ 72,713	\$ 82,005

Tri-County Community Action Agency entered into a loan agreement on February 8, 2019 with Citizens Deposit Bank to borrow \$119,000. The loan bears a variable interest rate with an initial rate of 5.75%. The interest rate may change on February 8, 2024 and every 5 years thereafter. The note is payable in annual installments of \$14,065, and the Organization prepaid \$20,000 of principal on the note on February 26, 2019. The note has a maturity date of February 8, 2031 and is collateralized by the commercial building the funds were used to purchase.

Scheduled principal payments on the long-term debt are as follows:

Year ending June 30:		
	2022	\$ 9,284
	2023	9,826
	2024	10,399
	2025	10,996
	2026	11,646
	Thereafter	29,846
		\$ 81,997

Note 6. Net Assets with Donor Restrictions

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

	2021	2020
Subject to expenditure for a specific purpose:		
Adult day care	\$ 15,493	\$ --
Eyeglasses and exams	1,840	2,511
Hope Center	2,388	28,479
Meals on Wheels	--	4,602
Substance abuse	10,344	9,767
Winterhelp	--	935
Net assets with donor restrictions	\$ 30,065	\$ 46,294

NOTES TO FINANCIAL STATEMENTS

Note 7. Donated Facilities and Services

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, 2021 and 2020.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. The Organization estimates the value of service donated to the Organization during the years ended June 30, 2021 and 2020 was \$35,929 and \$39,341, respectively. These donated services are not included in the financial statements.

Note 8. Retirement Plans

Certain employees of the Organization participate in the Kentucky County Employee Retirement System (CERS), which is a cost-sharing, multiple-employer defined benefit plan administered by the Kentucky Retirement System. During the year ended June 30, 2021 and 2020, salaries paid by the Organization totaling \$284,626 and \$272,844, 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 24.06% of the covered employees' compensation for the years ended June 30, 2021 and 2020. Pension expense includes contributions of \$68,481 and \$65,646 made by the Organization for its employees for the years ended June 30, 2021 and 2020, 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%.

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 \$34,219 and \$47,759 at June 30, 2021 and 2020, respectively. Employees who are fully-vested in CERS can use up to six months of sick pay towards their retirement benefits.

NOTES TO FINANCIAL STATEMENTS

Note 9. Construction in Progress

Construction in progress as of June 30, 2020 was for a restroom renovation project at the Hope Center. The restroom renovation project was completed and put in service during the year ended June 30, 2021 at a total cost of \$40,475.

Note 10. Risk and Uncertainties

Local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Organization as of February 23, 2022, management believes that a material impact on the Organization's financial position and results of future operations is reasonably possible.

Note 11. Subsequent Event

Subsequent to year end, the note payable to Citizen's Deposit Bank was paid off in full.



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, 2021 and 2020, and have issued our report thereon dated February 23, 2022, which expressed an unmodified opinion on those financial statements and appears on pages 1-2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole.

The list of the board of directors and the statements of activities detailed on pages 17-28 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 29-30 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 PC

Louisville, Kentucky
February 23, 2022

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.
LIST OF BOARD OF DIRECTORS
JUNE 30, 2021

<u>Name</u>	<u>Address</u>
Scott Bates	Eminence, KY 40019
Judge John Logan Brent	New Castle, KY 40050
Charles Callahan	Milton, KY 40045
Elsie Carter	LaGrange, KY 40031
Kenneth Cottongim	Bedford, KY 40006
Shane Courtney	Bedford, KY 40006
Melodye Fletcher	Campbellsburg, KY 40011
Shawn Golden	Campbellsburg, KY 40011
Rick Lucas	Westport, KY 40077
Judge Todd Polluck	Bedford, KY 40006
Jane Proctor	Bedford, KY 40006
Mayor Joe Robinson	Bedford, KY 40006
Dotty Sparrow	LaGrange, KY 40031
Darlene Taylor	Campbellsburg, KY 40011
Polly Troxell	Eminence, KY 40019
Wayne Theiss	LaGrange, KY 40031
Bill Tucker	LaGrange, KY 40031
Judge David Voegele	LaGrange, KY 40031

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

**COMMUNITY SERVICES BLOCK GRANT PROGRAM
STATEMENT OF FINANCIAL PARTICIPATION
Year Ended June 30, 2021**

	CSBG State Funds	CSBG	Total
<u>Obligated Funds</u>			
Total Contract Ceiling	\$ 60,644	\$ 178,383	\$ 239,027
General Fund Participation	\$ 60,644	\$ --	\$ 60,644
CSBG Financial Participation	--	35,704	35,704
CARES Funding	--	94,604	94,604
Total Financial Participation/Allowable Expense	60,644	130,308	190,952
Less: Allowable Expense	(60,644)	(130,308)	(190,952)
Total Obligated Funds	\$ --	\$ --	\$ --
<u>CSBG Over/Underpayment</u>			
Total Allowable Expense	\$ 60,644	\$ 130,308	\$ 190,952
Less: Contract payments received as of June 30, 2021	(60,644)	(120,792)	(181,436)
Payment due to the Agency at June 30, 2021	--	9,516	9,516
Payment received subsequent to June 30, 2021	--	9,516	9,516
Overpayment due grantor	\$ --	\$ --	\$ --
<u>CSBG Local Match Requirement</u>			
CSBG Allowable Expense		\$ 190,952	
Funding Level Restated at 100%		\$ 190,952	
Local Match Required		\$ 24,087	
Less Local In-kind Match Provided		(35,929)	
Excess Local Match		\$ (11,842)	

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

**COMMUNITY SERVICES BLOCK GRANT PROGRAM
STATEMENT OF ALLOWABLE EXPENSES
Year Ended June 30, 2021**

	State Funds	CSBG	Total
Expenses:			
Personnel and fringes	\$ 29,572	\$ 46,915	\$ 76,487
Utilities	8,393	2,981	11,374
Equipment	3,109	2,913	6,022
Supplies	1,918	1,423	3,341
Transportation	421	6	427
Client services	16	59,795	59,811
Indirect costs	15,747	15,090	30,837
Other	1,468	37,114	38,582
Total Expenses	60,644	166,237	226,881
 In-kind contributions	 --	 (35,929)	 (35,929)
 Total Allowable CSBG Expenses	 60,644	 130,308	 190,952
 Less contract payments	 (60,644)	 (120,792)	 (181,436)
 Net CSBG Under Payment Reflected in the Financial Statements	 \$ --	 \$ 9,516	 \$ 9,516

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

LOW INCOME HOUSING ENERGY ASSISTANCE PROGRAM (LIHEAP)
STATEMENT OF PROGRAM EXPENDITURES
CONTRACT NUMBER 736 19000001658 6: LIHEAP-022
Year Ended June 30, 2021

Expenses:		
Administrative		
Salary	\$ 37,483	
Utilities	2,651	
Other	<u>10,545</u>	
Total Administrative		50,679
Benefits		
Subsidy	200,050	
Crisis	<u>306,742</u>	
Total Benefits		<u>506,792</u>
Total Expenses		<u>\$ 557,471</u>
Allowable Expenses:		
Administration		\$ 50,679
Benefits		<u>506,792</u>
Total Allowable Expenses		557,471
Less: Contract payments received as of June 30, 2021		<u>(534,932)</u>
Payment due the Agency at June 30, 2021		<u>\$ 22,539</u>

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

**LOW INCOME HOUSING ENERGY ASSISTANCE PROGRAM (LIHEAP)
SCHEDULE OF BUDGET AND ACTUAL EXPENSES
CONTRACT NUMBER 736 19000001658 6: LIHEAP-022
Year Ended June 30, 2021**

SCHEDULE OF BUDGET AND ACTUAL EXPENSES

	<u>Budget</u>	<u>Actual</u>	<u>Under Budget</u>
Administrative Costs	\$ 51,157	\$ 50,679	\$ 478
Subsidy Benefits	204,822	200,050	4,772
Crisis Benefits	306,742	306,742	--
Total	<u>\$ 562,721</u>	<u>\$ 557,471</u>	<u>\$ 5,250</u>

TRI-COUNTY COMMUNITY ACTION AGENCY, INC

**TITLE III-B SUPPORT SERVICES
SCHEDULE OF PROGRAM ACTIVITIES
CONTRACT NUMBER KIPDA-FY2021-1017 (TCCAA)
Year Ended June 30, 2021**

	Contract Budget	Actual
Revenue:		
Federal Funds	\$ 313,451	\$ 418,972
State Funds	73,226	14,811
Required Match	63,623	71,067
Total Revenue	\$ 450,300	\$ 504,850

	Amount Earned
Funding For Each Center	
Henry	\$ 139,335
Oldham	226,174
Trimble	139,341
Totals	\$ 504,850

Amount Earned is the lesser of:

Contract Amount (Federal and State Amounts)	\$ 386,677
Excess Amount Allowed	47,106
	\$ 433,783
Service Provided	\$ 433,783
Amount Earned	\$ 433,783
Contract payments received as of June 30, 2021	398,965
Payment received subsequent to June 30, 2021	\$ 34,818

TRI-COUNTY COMMUNITY ACTION AGENCY, INC

**TITLE III-C CONGREGATE & HOME DELIVERED MEAL SERVICES
SCHEDULE OF PROGRAM ACTIVITIES
Year Ended June 30, 2021**

	Contract Budget	Actual
Revenues:		
Federal Funds	\$ 220,137	\$ 249,336
State Funds	8,385	41,435
Required Match	21,913	14,342
Total Revenues	\$ 250,435	\$ 305,113

	Contract Budget	Actual Units Provided	Rate	Amount Earned
UNITS OF SERVICE				
C1 Food Service/Meal Delivery	\$ 168,692	66,955	\$ 3.50	\$ 234,343
C2 Food Service/Meal Delivery	52,000	13,295	3.50	46,532
Total		80,250		280,875
Eligibility Services				24,238
Total Amount Earned				\$ 305,113

Amount Earned is the lesser of:

Contract Amount	\$ 228,522
Excess Amount Allowed	62,249
	\$ 290,771
Service Provided	\$ 290,771
Amount Earned	\$ 290,771
Contract payments received as of June 30, 2021	269,988
Payment received subsequent to June 30, 2021	\$ 20,783

TRI-COUNTY COMMUNITY ACTION AGENCY, INC

**TITLE III-D HEALTH PROMOTION/DISEASE PREVENTION SERVICES
SCHEDULE OF PROGRAM ACTIVITIES
CONTRACT NUMBER KIPDA-FY2021-1017 (TCCAA)
Year Ended June 30, 2021**

	<u>Contract Budget</u>	<u>Actual</u>
Revenue:		
Federal Funds	\$ 5,341	\$ 5,127
State Funds	<u>5,341</u>	<u>5,555</u>
Total Revenue	<u>\$ 10,682</u>	<u>\$ 10,682</u>

	<u>Funded Service</u>	<u>Federal Amount Earned</u>	<u>State Amount Earned</u>	<u>Total</u>
Funding For Each Center:				
All Locations	Stanford Active Choices	\$ 3,761	\$ 4,075	\$ 7,836
Oldham	Walk with Ease	<u>1,366</u>	<u>1,480</u>	<u>2,846</u>
Totals		<u>\$ 5,127</u>	<u>\$ 5,555</u>	<u>\$ 10,682</u>

Amount Earned is the lesser of:

Contract Amount (Federal and State Amounts)	<u>\$ 10,682</u>
Service Provided	<u>\$ 10,682</u>
Amount Earned	\$ 10,682
Contract payments received as of June 30, 2021	<u>10,682</u>
Payment received subsequent to June 30, 2021	<u>\$ --</u>

TRI-COUNTY COMMUNITY ACTION AGENCY, INC

**HEMOCARE PROGRAM
SCHEDULE OF PROGRAM ACTIVITIES
CONTRACT NUMBER KIPDA-FY2021-1017 (TCCAA)
Year Ended June 30, 2021**

State Grantor: Commonwealth of Kentucky, Cabinet for Health Services
 Pass-through Grantor: KIPDA
 Program Title: Homecare Program
 Pass-through Contract No.: CONTRACT NUMBER KIPDA-FY2021-1017 (TCCAA)
 Period of Contract: July 1, 2020 to June 30, 2021

	<u>Contract Budget</u>	<u>Actual</u>
Revenues:		
State Funds	As Approved	\$ 167,762
Local Match	--	18,631
Total Revenues	<u>\$ --</u>	<u>\$ 186,393</u>

UNITS OF SERVICE	<u>Contract Budget</u>	<u>Actual Units Provided</u>	<u>Rate</u>	<u>Amount Earned</u>
Personal Care	As Approved	3,790	\$ 14.09	\$ 53,401
		909	16.25	14,771
Chore	As Approved	63	20.00	1,260
		45	22.50	1,013
Chore (HC)	As Approved	9	21.00	189
Escort	As Approved	192	31.00	5,952
Escort (HC)	As Approved	143	29.00	4,147
Homemaking	As Approved	5,318	14.09	74,931
		1,111	16.25	18,054
Respite Homemaking (HC)	As Approved	774	14.09	10,906
		104	16.25	1,690
Supplies				80
	Total	<u>12,458</u>		186,394
Less Match				(18,631)
Total Amount Earned				<u>\$ 167,763</u>

Amount Earned is the lesser of:

Contract Amount	As Ordered
Service Provided	<u>\$ 167,763</u>
Amount Earned	\$ 167,763
Contract payments received as of June 30, 2021	<u>150,286</u>
Payment received subsequent to June 30, 2021	<u>\$ 17,477</u>

TRI-COUNTY COMMUNITY ACTION AGENCY, INC

HEMOCARE PROGRAM
SCHEDULE OF PROGRAM ACTIVITIES (CONTINUED)
CONTRACT NUMBER KIPDA-FY2021-1017 (TCCAA)
Year Ended June 30, 2021

	<u>Amount</u>
Revenues:	
State funds	\$ 167,762
Local match	18,631
Total Revenues	<u>186,393</u>
Expenses:	
Salaries and fringes	103,274
Travel	20,512
Supplies	1,117
Utilities	1,100
Postage	10
Other	2,621
Total Expenses	<u>128,634</u>
Total Revenues over Expenses	57,759
Indirect Expenses	<u>24,246</u>
Net Revenues over Expenses	<u><u>\$ 33,513</u></u>

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.
DOE - WEATHERIZATION
STATEMENT OF EXPENSES
DOE WX-021
Year Ended June 30, 2021

	DOE Weatherization Assistance
Expenses:	
Administration	\$ 12,093
Materials	15,790
Program support	31,778
WX Labor	15,218
Health and Safety Materials	5,244
Health and Safety Labor	7,448
Insurance	4,350
Training	8,205
Total Expenses	\$ 100,126
 Contract payments received as of June 30, 2021	 100,029
 Payment received subsequent to June 30, 2021	 \$ 97

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.
LIHEAP - WEATHERIZATION
STATEMENT OF EXPENSES
LHWX-021
Year Ended June 30, 2021

	LIHEAP Weatherization Assistance
Expenses:	
Administration	\$ 3,031
Materials	21,815
Program support	63,856
WX Labor	27,452
Health and Safety Materials	15,655
Health and Safety Labor	21,933
Insurance	1,250
Training	5,631
Total Expenses	\$ 160,623
 Contract payments received as of June 30, 2021	 132,814
 Payment received subsequent to June 30, 2021	 \$ 27,809

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Transportation Transit Authority of River City (TARC) Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	007501	\$ 59,758
U.S. Department of Energy Kentucky Housing Corporation Weatherization Assistance for Low-Income Persons	81.042	DOE WX21-0373-02	100,126
U.S. Department for Health and Human Services Kentucky Housing Corporation Low-Income Home Energy Assistance Program (LIHEAP) Weatherization Assistance Program	93.568	LIHEAP LH21-0619-02	160,623
U.S. Department for Health and Human Services Community Action Kentucky Low-Income Home Energy Assistance Program (LIHEAP) COVID-19 Healthy at Home Utility Relief Program Total Number 93.568	93.568 93.568	LIHEAP-022 LIHEAP-022	557,471 93,488 <u>811,582</u>
U.S. Department for Health and Human Services Cabinet for Health and Family Services Community Services Block Grant Program COVID-19 Community Services Block Grant Program Total Community Services Block Grant Program	93.569 93.569	PON2 736 2000002656 PON2 736 2000002656	35,704 94,604 <u>130,308</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, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department for Health and Human Services			
Kentuckiana Regional Planning and Development Agency			
Title III-B Transportation Services	93.044	PON2 725 20000002717	147,386
COVID-19 Title III-B Transportation Services	93.044	PON2 725 20000002717	106,150
Title III-B Support Services	93.044	PON2 725 20000002717	101,303
COVID-19 Title III-B Support Services	93.044	PON2 725 20000002717	64,133
Title III-B Emergency In-Home Services	93.044	PON2 725 20000002717	1,465
Title III-C Congregate and Home Delivered Meal Services	93.045	PON2 725 20000002717	57,818
COVID-19 Title III-C Congregate and Home Delivered Meal Services	93.045	PON2 725 20000002717	191,518
Total Aging Cluster (93.044/93.045)			<u>669,773</u>
Title III-D Health Promotion Disease Prevention Services	93.043	PON2 725 20000002717	5,127
Total Department for Health and Human Services			<u>1,616,790</u>
U.S. Department of Homeland Security			
Emergency Food and Shelter National Board Program	97.024	3420-00	1,950
COVID-19 Emergency Food and Shelter National Board Program	97.024	3420-00	4,398
COVID-19 Emergency Food and Shelter National Board Program	97.024	3544-00	5,718
Total Number 97.024			<u>12,066</u>
Total expenditures of federal awards			<u>\$ 1,788,740</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, 2021**

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 under programs of the federal government for the year ended June 30, 2021. 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, 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.

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 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, 2021.



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), as of and for the year ended June 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated February 23, 2022.

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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

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*.

Tri-County Community Action Agency's Response to Findings

Tri-County Community Action Agency's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Tri-County Community Action Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
February 23, 2022



Jones, Nale & Mattingly PLC

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

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

Report on Compliance for Each Major Federal Program

We have audited Tri-County Community Action Agency's (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization, 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, 2021.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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
February 23, 2022

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

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 CFDA Number</u>	<u>Name of Major Federal Program</u>
81.042	Department of Energy: Weatherization Assistance for Low-Income Persons
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 not qualify as a low-risk auditee.

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2021

Section II- Findings - Financial Statement Audit

Significant Deficiency

2021-001 – Account Reconciliation and Financial Close

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

Criteria: Internal controls should be in place and operating in order to ensure that all accounts get reconciled on a timely basis, accounts get recorded properly and a timely review is performed by management.

Cause: Due to turnover in personnel, certain internal control procedures were not performed.

Effect: Inaccurate financial statements could be produced for management and Board of Directors review.

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

Management response:

As recognized in the financial statements, the Organization has recently experienced significant growth in its funding and services provided. In combination with the institutional knowledge lost with the turnover in the accounting department, it is reasonable to expect additional challenges with account reconciliation and financial close.

The Organization has contracted with an accounting firm to appoint an outside CFO to oversee the financial reporting process. The appointed individual is a CPA with over a decade of experience and access to a wider network of resources. Additional internal controls have been implemented to monitor the account reconciliation and closing procedures that increase our assurance of accurate and timely financial reporting.

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

There are no findings required to be reported.



Jones, Nale & Mattingly PLC

To the Board of Directors and Management
Tri-County Community Action Agency, Inc.
LaGrange, Kentucky

We have audited the financial statements of Tri-County Community Action Agency, Inc. for the year ended June 30, 2021, and we will issue our report thereon dated February 23, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 28, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Tri-County Community Action Agency, Inc. are described in Note 1 to the financial statements. As described in Note 1, the Organization changed accounting policies related to revenue recognition by adopting FASB Accounting Standards Updates No. 2014-09, Revenue from Contracts with Customers in 2020. The policy was applied using a modified retrospective method and had no effect on the Organization's financial position or results of operations. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the useful lives of equipment. We evaluated the key factors and assumptions used to develop the estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure, Liquidity and Availability of Resources, in Note 2 to the financial statements provides quantitative and qualitative information about the availability of the Organization's financial assets as of June 30, 2021, to meet its cash needs for general expenditures, liabilities and other obligations as they come due in the next fiscal year.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 23, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

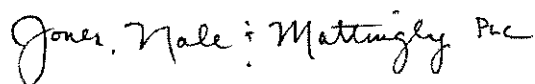
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of Tri-County Community Action Agency, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Louisville, Kentucky
February 23, 2022

Tri-County Community Action Agency, Inc.
Schedule of Proposed Audit Adjustments
June 30, 2021

<u>Description</u>	<u>Debit</u>	<u>Credit</u>	<u>Increase / (Decrease) in Net Assets</u>
1 To accrue Weatherization invoices for June purchases paid in July.			
Weatherization Materials Expense	\$ 11,281		\$ (11,281)
Accounts Payable		\$ 11,281	
	<u>\$ 11,281</u>	<u>\$ 11,281</u>	
Net change in net assets			<u><u>\$ (11,281)</u></u>