

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
AUDITED FINANCIAL STATEMENTS AND OTHER INFORMATION
JUNE 30, 2022 AND 2021

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MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
DIRECTORY OF BOARD MEMBERS AND MANAGEMENT (UNAUDITED)
JUNE 30, 2022

BOARD MEMBERS

Mr. Ray Render*, Chairman
Ms. Marilyn Bryant, Vice-Chairman
Mr. Tony Sharpe*, Treasurer
Ms. Amanda Garey, Secretary
Ms. Julie Brockman
Ms. Kee Bryant-McCormick
Mr. Jaleel Hendricks
Ms. Rachel Jones
Ms. Candice O'Brien Beasley
Ms. Arianna Ruby
Mr. Braden Stover
Ms. Joannie Summers

*denotes member of Finance Committee

MANAGEMENT

Ms. Jason Stewart, Executive Director
Mr. Michael Wiggins, Finance Director
Ms. Katie Lee, Community Services Director
Ms. Carisa Moody, Head Start Director



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mid-Cumberland Community Action Agency, Inc.
Mount Juliet, Tennessee

Opinion

We have audited the accompanying financial statements of Mid-Cumberland Community Action Agency, Inc. (the Agency) (a nonprofit organization) which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Agency as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 the Agency and to meet our other ethical responsibilities in accordance with the 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 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 the Agency'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 the Agency'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 the Agency'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional

analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2023, on our consideration of the 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 the 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 the Agency's internal control over financial reporting and compliance.

Stone Rudolph & Henry, PLC

Clarksville, Tennessee
January 16, 2023

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS

	2022	2021
<u>CURRENT ASSETS</u>		
Cash and cash equivalents		
Unrestricted	\$ 439,286	\$ 100,311
Restricted	173,155	126,065
Accounts receivable	-	618
Federal grants receivable	2,311,113	1,524,481
Inventory	162,308	443,303
Investments	31,576	31,576
Prepaid expense	91,918	-
Total current assets	3,209,356	2,226,354
<u>PROPERTY AND EQUIPMENT</u>		
Building	1,702,468	1,507,326
Furniture and equipment	551,138	400,468
Vehicles	198,359	198,359
Total property and equipment	2,451,965	2,106,153
Less: Accumulated depreciation	307,841	160,309
Net property and equipment	2,144,124	1,945,844
Total assets	\$ 5,353,480	\$ 4,172,198

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 2,026,329	\$ 798,080
Accrued expenses	231,252	202,460
Unearned revenue - federal grants	335,457	569,368
Total current liabilities	2,593,038	1,569,908
<u>NET ASSETS</u>		
With donor restrictions - grant contracts	4,066,288	3,391,286
Without donor restrictions - undesignated	(1,305,846)	(788,996)
Total net assets	2,760,442	2,602,290
Total liabilities and net assets	\$ 5,353,480	\$ 4,172,198

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

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
<u>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:</u>		
Revenue:		
Contributed nonfinancial assets	\$ 15,872	\$ -
Investment income	94	361
Total unrestricted support	15,966	361
Net assets released from restrictions:		
Restrictions satisfied by grant compliance	15,450,639	12,847,955
Total unrestricted support and reclassifications	15,466,605	12,848,316
Expenses:		
Program services	15,133,271	12,610,229
Supporting services	850,184	689,459
Total expenses	15,983,455	13,299,688
Change in net assets without donor restrictions	(516,850)	(451,372)
<u>NET ASSETS WITH DONOR RESTRICTIONS:</u>		
Federal and state grants	16,123,966	13,579,773
Contributed property and equipment - see Note 13	-	1,577,385
Local grants, contributions and other revenue	1,675	173,192
Net assets released from restrictions:		
Restrictions satisfied by grant compliance	(15,450,639)	(12,847,955)
Change in net assets with donor restrictions	675,002	2,482,395
<u>OTHER INCOME</u>		
Gain on sale of investments	-	8,980
Total other income	-	8,980
Change in net assets	158,152	2,040,003
<u>NET ASSETS - BEGINNING OF YEAR</u>	2,602,290	562,287
<u>NET ASSETS - END OF YEAR</u>	\$ 2,760,442	\$ 2,602,290

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

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services						
	Community Services Block Grant	Low-Income Home Energy Assistance	Weatherization Assistance	Emergency Food Assistance	Head Start	Early Head Start	DHS Community Enhancement
Salaries/wages	\$ 578,602	\$ 257,952	\$ 29,031	\$ 54,778	\$ 3,945,439	\$ 1,046,206	\$ -
Employee benefits	190,984	64,355	23,976	9,711	1,418,992	365,877	-
Total personnel	<u>769,586</u>	<u>322,307</u>	<u>53,007</u>	<u>64,489</u>	<u>5,364,431</u>	<u>1,412,083</u>	<u>-</u>
Client assistance	642,514	2,733,074	-	910,747	-	-	-
Communications	32,711	9,981	1,080	761	50,627	14,378	-
Contracted services	40,459	16,290	1,712	20,222	321,084	13,746	-
Insurance	3,805	8,793	1,183	195	30,771	6,419	-
Maintenance	19,463	4,775	1,638	479	102,430	74,235	-
Occupancy	108,355	30,569	4,082	4,427	297,001	81,411	-
Other	11,869	304	5	6	16,581	2,654	-
Professional services	26,695	12,483	345	2,924	34,748	6,951	-
Supplies	103,031	11,299	3,189	69,313	452,322	126,432	46,323
Training and seminars	42,847	1,880	6,907	6	116,153	25,392	-
Travel	24,315	3,579	2,788	7,058	50,497	8,176	-
	<u>1,825,650</u>	<u>3,155,334</u>	<u>75,936</u>	<u>1,080,627</u>	<u>6,836,645</u>	<u>1,771,877</u>	<u>46,323</u>
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total functional expenses	<u>\$ 1,825,650</u>	<u>\$ 3,155,334</u>	<u>\$ 75,936</u>	<u>\$ 1,080,627</u>	<u>\$ 6,836,645</u>	<u>\$ 1,771,877</u>	<u>\$ 46,323</u>

(Continued)

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

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONT'D)
YEAR ENDED JUNE 30, 2022

	Emergency Food and Shelter	Child and Adult Food Care	Special State Grant	Private and Local Assistance	Total Program Services	Supporting Services	Total Expenses
Salaries/wages	\$ -	\$ 37,519	\$ -	\$ -	\$ 5,949,527	\$ 459,296	\$ 6,408,823
Employee benefits	-	16,550	2	-	2,090,447	92,954	2,183,401
Total personnel	-	54,069	2	-	8,039,974	552,250	8,592,224
Client assistance	23,802	207,806	-	25,763	4,543,706	-	4,543,706
Communications	-	483	-	44	110,065	6,948	117,013
Contracted services	-	69	-	-	413,582	52,125	465,707
Insurance	-	2,080	-	-	53,246	1,851	55,097
Maintenance	-	50	-	-	203,070	3,729	206,799
Occupancy	-	1,478	-	4,060	531,383	39,452	570,835
Other	-	-	-	163	31,582	10,580	42,162
Professional services	-	548	-	91	84,785	10,502	95,287
Supplies	-	20,114	-	257	832,280	19,447	851,727
Training and seminars	-	-	-	-	193,185	4,186	197,371
Travel	-	-	-	-	96,413	1,582	97,995
	23,802	286,697	2	30,378	15,133,271	702,652	15,835,923
Depreciation	-	-	-	-	-	147,532	147,532
Total functional expenses	<u>\$ 23,802</u>	<u>\$ 286,697</u>	<u>\$ 2</u>	<u>\$ 30,378</u>	<u>\$ 15,133,271</u>	<u>\$ 850,184</u>	<u>\$ 15,983,455</u>

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services					
	Community Services Block Grant	Low-Income Home Energy Assistance	Weatherization Assistance	Emergency Food Assistance	Head Start	Early Head Start
Salaries/Wages	\$ 577,530	\$ 232,373	\$ 7,916	\$ 39,582	\$ 3,108,987	\$ 890,027
Employee benefits	159,632	58,549	6,270	5,528	871,855	287,387
Total personnel	737,162	290,922	14,186	45,110	3,980,842	1,177,414
Client assistance	107,694	2,843,056	44,641	571,375	-	-
Communications	43,294	16,150	930	659	49,527	15,680
Contracted services	44,750	10,834	7,372	25,328	343,137	19,967
Insurance	4,454	9,959	1,384	239	49,275	11,591
Maintenance	1,369	480	63	37	30,811	56,796
Occupancy	121,638	50,352	5,773	3,220	252,415	70,693
Other	1,783	-	-	130	15,306	4,486
Professional services	34,793	4,612	489	299	37,412	8,414
Supplies	159,734	9,555	349	27,662	411,302	77,440
Training and seminars	1,164	38	-	-	76,268	10,723
Travel	13,873	2,712	1	4,844	10,737	1,622
	1,271,708	3,238,670	75,188	678,903	5,257,032	1,454,826
Depreciation	-	-	-	-	-	-
Total functional expenses	<u>\$ 1,271,708</u>	<u>\$ 3,238,670</u>	<u>\$ 75,188</u>	<u>\$ 678,903</u>	<u>\$ 5,257,032</u>	<u>\$ 1,454,826</u>

(Continued)

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

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONT'D)
YEAR ENDED JUNE 30, 2021

	Program Services				Total Program Services	Supporting Services	Total Expenses
	Tennessee Community CARES	Emergency Food and Shelter	Special State Grant	Private and Local Assistance			
Salaries/Wages	\$ -	\$ -	\$ -	\$ 1,440	\$ 4,857,855	\$ 395,265	\$ 5,253,120
Employee benefits	-	-	10	158	1,389,389	83,474	1,472,863
Total personnel	-	-	10	1,598	6,247,244	478,739	6,725,983
Client assistance	563,901	41,262	-	9,468	4,181,397	-	4,181,397
Communications	-	-	-	57	126,297	6,989	133,286
Contracted services	3,288	-	-	-	454,676	36,840	491,516
Insurance	-	-	-	-	76,902	2,289	79,191
Maintenance	-	-	-	80	89,636	1,820	91,456
Occupancy	-	-	-	3,890	507,981	40,244	548,225
Other	-	-	-	5,648	27,353	-	27,353
Professional services	-	-	1	152	86,172	1,711	87,883
Supplies	337	-	-	3,959	690,338	18,474	708,812
Training and seminars	-	-	-	-	88,193	6,641	94,834
Travel	233	-	-	18	34,040	470	34,510
	567,759	41,262	11	24,870	12,610,229	594,217	13,204,446
Depreciation	-	-	-	-	-	95,242	95,242
Total functional expenses	<u>\$ 567,759</u>	<u>\$ 41,262</u>	<u>\$ 11</u>	<u>\$ 24,870</u>	<u>\$ 12,610,229</u>	<u>\$ 689,459</u>	<u>\$ 13,299,688</u>

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 158,152	\$ 2,040,003
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	147,532	95,242
Gain on sale on investments	-	(8,980)
Contributed property and equipment - see Note 13	-	(1,577,385)
Changes in:		
Accounts receivable	618	(618)
Federal grants receivable	(786,632)	(615,590)
Prepaid expenses	(91,918)	-
Inventory	280,995	(76,262)
Accounts payable	1,228,249	211,644
Accrued expenses	28,792	107,647
Unearned revenue - federal grants	(233,911)	191,864
Net cash provided by operating activities	731,877	367,565
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(345,812)	(456,964)
Net cash used in investing activities	(345,812)	(456,964)
 <u>NET CHANGE IN CASH AND CASH EQUIVALENTS</u>	386,065	(89,399)
 <u>CASH AND CASH EQUIVALENTS - BEGINNING</u>	226,376	315,775
 <u>CASH AND CASH EQUIVALENTS - ENDING</u>	\$ 612,441	\$ 226,376

During the year ended June 30, 2022, the Agency received non-cash assistance recorded as contributed nonfinancial assets and program services totaling \$15,872.

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

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. Summary of Significant Accounting Policies

Organization and Nature of Activities

Mid-Cumberland Community Action Agency, Inc. (the Agency) is a private, not-for-profit corporation located in Mount Juliet, Tennessee. The Agency was chartered in 1971 and is a quasi-governmental entity that provides health and educational assistance to low-income households. A board of directors (the Board) governs the Agency and its programs are carried out by staff members under the supervision of the Executive Director, who is appointed by the Board. The Agency operates community action and other human resource programs primarily aimed at the lower income population of selected counties in the middle Tennessee area. The main source of funding is federal government grants received either directly or through a similar department of the State of Tennessee.

The Agency is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. It has not been determined to be a private foundation and is considered by the Internal Revenue Service (IRS) to be a public charity. Accordingly, no provision for income taxes has been made. However, the Agency does file informational returns required by the IRS. The Agency is no longer subject to federal or state income tax examinations by tax authorities for fiscal years ended before June 30, 2019.

Use of Estimates

The Agency's financial statements are presented in accordance with accounting principles generally accepted in the United States of America which require the use of management's estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from estimates in the near term and variances could have a material effect on the financial statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The Agency utilizes the accrual basis of accounting which recognizes revenues when earned and expenses when incurred. Operating revenues and expenses include those items that increase or decrease unrestricted net assets.

The Financial Accounting Standards Board (FASB) has established standards concerning contributions and financial statement presentation applicable to non-governmental not-for-profit organizations such as the Agency. These standards require that unconditional promises to give (pledges) be recorded as receivables and revenues and require the Agency to distinguish among contributions received for each net asset category in accordance with donor-imposed restrictions. A description of the two net asset categories follows:

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2022 AND 2021

1. Summary of Significant Accounting Policies (Cont'd)

Basis of Accounting (Cont'd)

Net Assets Without Donor Restrictions

Net assets without donor restrictions are free of donor-imposed restrictions. All revenues, gains and losses that are not restricted by grants or donors are included in this classification. All expenditures are reported in the net assets without donor restrictions class of net assets since the use of restricted contributions in accordance with the grantors' or donors' stipulations results in the release of the restriction.

Net Assets With Donor Restrictions

Net assets with donor restrictions are limited as to use by donor- or grantor-imposed restrictions. Some restrictions expire with the passage of time or may be satisfied by use for the specific purpose. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Agency's net assets with donor restrictions consisted of funds due from grantor agencies at June 30, 2022 and 2021.

Concentrations of Credit Risk/Funding

Financial instruments that potentially subject the Agency to significant concentrations of credit risk consist principally of cash and receivables. The Agency is exposed to credit risk by placing its cash in financial institutions. The Agency has mitigated this risk by placing its cash with federally-insured financial institutions. The Agency receives grants from both the federal and state government and local assistance from the City of Murfreesboro. Funding from these sources constituted 99.9% and 89.7% of revenues for the years ended June 30, 2022 and 2021, respectively. The Agency would have to greatly reduce services provided if assistance was significantly reduced. All outstanding grants receivable are from governmental agencies. The Agency does not obtain collateral for receivables.

Cash and Cash Equivalents

The Agency considers all highly-liquid debt instruments purchased with original maturities of 90 days or less to be cash equivalents. Assets restricted on the statements of financial position include cash received with restrictions imposed by grantors but not yet spent for restricted purpose. The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position to the cash reported in the statements of cash flows:

	<u>2022</u>	<u>2021</u>
Cash	\$ 439,286	\$ 100,311
Restricted cash – grant/program expenditures	<u>173,155</u>	<u>126,065</u>
Total	<u>\$ 612,441</u>	<u>\$ 226,376</u>

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2022 AND 2021

1. Summary of Significant Accounting Policies (Cont'd)

Investments

The Agency's investments consist of one mutual fund investment recorded at market value. At June 30, 2022 and 2021, the market value of the mutual fund was \$31,576 and \$31,576, respectively, with a cost basis of \$13,452. The investment is unrestricted and can be used for general expenditures.

Federal Grants Receivable

Grants receivable are stated at unpaid balances and consist of balances due from federal and state agencies as summarized in Note 4. Management has elected to use the direct write-off method which is not materially different from the allowance for uncollectible accounts method. It is the Agency's policy to charge off uncollectible receivables when management determines the receivable will not be collected. All receivable balances are considered by management to be fully collectible.

Inventory

Inventory consists of food for the Temporary Emergency Food Assistance Program. Inventory is valued at the per-unit value as determined by the State of Tennessee Department of Agriculture using the first-in, first-out method for financial statement reporting purposes and is included in temporarily restricted net assets.

Property and Equipment

Property and equipment, including leasehold improvements, are recorded at historical cost or, if contributed, at estimated fair values at the date of receipt. Property and equipment acquired with a unit cost greater than \$5,000 and a useful life of more than one year are capitalized. Expenditures for additions, major renovations and improvements are capitalized while those for maintenance and repairs are charged to expense as incurred. Capitalized assets are depreciated over their estimated useful lives using the straight-line method.

Included in net property and equipment at June 30, 2022 and 2021 is \$1,755,169 and \$1,866,805, respectively, of assets purchased with restricted resources. The Head Start grant was relinquished effective October 31, 2019. All of the fixed assets purchased with Head Start funds were transferred to the interim management company. Effective August 1, 2020, the Head Start grant was once again awarded to the Agency. The management company transferred the capitalized assets back to the Agency at that time. The contribution of donated capital assets is included as a noncash contribution with donor restrictions and is measured at fair value. See Note 13 for additional information.

Revenue Recognition

Grants and contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any restriction. Grant revenues are recognized as the related expenditures are incurred.

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2022 AND 2021

1. Summary of Significant Accounting Policies (Cont'd)

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs based on the revenue allotted to each of those programs.

Advertising Costs

The Agency expenses advertising costs as incurred.

Change in Accounting Principle

In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The update addresses the terminology and disclosures regarding contributed nonfinancial assets, formerly reported as in-kind. The Agency implemented ASU 2020-07 and the presentation in these financial statements has been adjusted accordingly. The ASU has been applied retrospectively to all periods presented which changed line item names in the statement of activities and statement of functional expenses for the year ended June 30, 2021.

Date of Management's Review

Subsequent events have been evaluated through January 16, 2023, which is the date the financial statements were available to be issued.

2. Cash and Cash Equivalents

Cash and cash equivalents were represented by deposits in financial institutions totaling \$927,515 and \$748,428, at June 30, 2022 and 2021, respectively, of which \$476,204 and \$263,064, respectively, was insured by the Federal Deposit Insurance Corporation (FDIC), and \$451,311 and \$485,364, respectively, was uninsured. Restricted cash represents unearned grant revenue.

3. Liquidity and Availability

The Agency maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Agency's working capital and cash flows have seasonal variations during the fiscal year attributable to timing of cash receipts for program services. Additionally, the Agency receives support from government agencies through annual grants which are paid on an expense reimbursement basis, typically within 45 days of the request for reimbursement.

Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of the balance sheet date is comprised of the following:

	2022	2021
Unrestricted cash	\$ 439,286	\$ 100,311
Investments	31,576	31,576
Total	\$ 469,862	\$ 131,887

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2022 AND 2021

4. Federal Grants Receivable

Grants receivable consisted of the following amounts:

	<u>2022</u>	<u>2021</u>
Child and Adult Care Food Program	\$ 45,355	\$ -
Temporary Emergency Food Assistance	22,819	60,943
Emergency Food and Shelter Program	-	8,507
Weatherization Assistance	43,758	31,971
Head Start	599,783	342,982
Low Income Home Energy Assistance	942,156	517,035
Community Services Block Grant	<u>657,242</u>	<u>563,043</u>
Total federal grants receivable	<u>\$ 2,311,113</u>	<u>\$ 1,524,481</u>

5. Unearned Revenue – Grants

Unearned grant revenue consisted of the following amounts:

	<u>2022</u>	<u>2021</u>
Temporary Emergency Food Assistance	\$ 162,308	\$ 443,303
Head Start	32,587	-
Child Care and Development Block Grant	5,677	-
Emergency Food and Shelter Program	-	30,133
Community Services Block Grant	33,683	33,683
Low Income Home Energy Assistance	51,113	37,210
Special State Grant	<u>50,089</u>	<u>25,039</u>
Total unearned grant revenue	<u>\$ 335,457</u>	<u>\$ 569,368</u>

6. Profit-Sharing Plan

The Agency has a defined contribution profit-sharing plan that covers full-time employees of the Agency over age 21 and having at least one year of service. Contributions to the plan are discretionary and are determined annually by the board of directors. The Board elected to contribute 5% of eligible compensation to the plan for the years ended June 30, 2022 and 2021. The amount of this contribution was \$214,542 and \$121,158, respectively. Employee contributions to the plan were \$176,013 and \$96,688 for the years ended June 30, 2022 and 2021, respectively.

7. Compensated Absences

The Agency advances vacation leave to employees at the beginning of each fiscal year on July 1. Unused vacation leave cannot be carried forward past the grant year-end of the program the employees work in, i.e., Head Start employees cannot carry forward balances past the program year-end of October 31. Effective September 1, 2020, unused leave cannot be carried forward past June 30 regardless of which program the employee works in; therefore, there is no estimated leave liability at June 30, 2022 and 2021.

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2022 AND 2021

8. Contributed Nonfinancial Assets

The fair value of contributed nonfinancial assets is reflected in revenues and included in expenses in the following functional categories:

	2022	2021
Rent	\$ 15,872	\$ -

Fair market value was determined based on estimated rent value of the properties divided by the actual usage by the Agency. The rent recognized as contributed nonfinancial assets was used for the Head Start and Early Head Start programs.

A substantial number of unpaid volunteers have made significant contributions of their time to support the Agency's programs. No amounts have been recognized in the statement of activities because the criteria for recognition under FASB ASC Codification 958-605-50-1 have not been satisfied. However, the Agency does have various grant contracts with the U.S. Department of Health and Human Services that allow these types of contributed services to be used for grant matching purposes. The Agency conducts a Head Start Program which requires matching contributions of twenty percent. The contributed services support has been valued by the Agency at approximate minimum wage rate for salaries and at fair value for rent and supplies. The Agency applied for a waiver of the non-federal match requirement due to COVID-19 for all 2020-2021 Head Start grants. The waiver was automatically approved based on guidance from the Office of Head Start. The Agency also received a waiver for the non-federal match requirement due to COVID-19 for all 2021-2022 Head Start grants.

The contributed support used for matching purposes during the year ended June 30, 2022 consisted of the following:

	Head Start
Labor	\$ 202,384
Space	15,872
Supplies	30,557
	\$ 248,813

The contributed support used for matching purposes during the year ended June 30, 2021 consisted of the following:

	Head Start
Labor	\$ 682,200
Supplies	7,961
	\$ 690,161

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2022 AND 2021

9. Operating Leases

The Agency leased office space, classrooms, and equipment under operating leases. The total paid for these leases was \$400,355 and \$434,373 for the years ended June 30, 2022 and 2021, respectively. The Agency also leases storage facilities on a month-to-month basis as needed.

Future minimum lease payments are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2023	\$ 371,548
2024	342,768
2025	290,718
2026	213,080
2027	87,891
Thereafter	74,428

10. Contingencies

Funding for the Agency's programs is provided by federal, state, and local government agencies. These funds are to be used for designated purposes only. If, based on the grantor's review, the funds are considered not to have been used for the intended purpose, the grantors may request a refund of monies advanced or refuse to reimburse the Agency for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the Agency's programs is predicated upon the grantor's satisfaction that the funds are being spent as intended and the grantor's intent to continue its programs.

11. Budget

The Agency prepares annual budgets for each program fund. Prior to the beginning of each budget year, the Agency's annual budget is approved by the Agency's governing body and is submitted to federal and state grantors for approval. Budgetary amendments require approval by the governing body and by federal and state grantors. All budgetary appropriations lapse at the end of each fiscal year.

12. Sources of Revenue

The following is total revenue disaggregated by type:

	2022	2021
Without donor restrictions:		
Contributed nonfinancial assets - space	\$ 15,872	\$ -
Investment income	94	361
Released from restrictions	<u>15,450,639</u>	<u>12,847,955</u>
Total revenues without donor restrictions	<u>15,466,605</u>	<u>12,848,316</u>

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2022 AND 2021

12. Sources of Revenue (Cont'd)

	2022	2021
With donor restrictions:		
Federal and state grants:		
Child and Adult Care Food Program	291,757	-
Temporary Emergency Food Assistance	1,086,888	687,257
Emergency Food and Shelter Program	21,402	41,262
COVID-19 TN Community CARES	-	564,300
Weatherization Assistance	78,918	77,064
Head Start	9,522,559	7,649,028
Child Care and Development Block Grant	46,323	-
Community Services Block Grant	1,891,165	1,349,597
Low Income Home Energy Assistance	3,184,954	3,211,254
Special State Grant	-	11
Contributed property and equipment – see Note 13	-	1,577,385
Local grants, contributions and other revenue:		
Other local grants	1,675	173,192
Released from restrictions:		
Restrictions satisfied by grant compliance	(15,450,639)	(12,847,955)
Total revenues with donor restrictions	675,002	2,482,395
Total revenues	\$ 16,141,607	\$ 15,330,711

13. Head Start Grant Relinquishment and Reacquisition

Effective October 31, 2019, the Agency relinquished the Head Start and Early Head Start Child Care Partnership grants due to deficiencies identified by Department of Human Services. The interim management agency, Community Development Institute (CDI), assumed Head Start duties as of October 31, 2019. After implementing processes to address the deficiencies identified by the Department of Human Services, the Agency reapplied and, effective August 1, 2020, was awarded the Head Start/Early Head Start grant for the 2020-2021 grant year. Property and equipment that was previously transferred to CDI was returned to the Agency after June 30, 2020. This property and equipment was recognized at its fair value of \$1,577,385 during the year ended June 30, 2021 using property tax assessments and nationally recognized vehicle valuation guides.

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2022

Federal Grantor/Program Title	Grant Number Or Pass-Through Grantor's Contract Number	Federal CFDA Number	Accrued Receivable (Payable) July 1, 2021	Receipts	Expenditures	Accrued Receivable (Payable) June 30, 2022
<u>U.S. Department of Agriculture</u>						
Passed through State of TN Department of Agriculture						
Child and Adult Care Food (20-21)	55994	10.558	\$ -	\$ 50,645	\$ 50,645	\$ -
Child and Adult Care Food (21-22)	00413	10.558	-	195,757	241,112	45,355
Total Child and Adult Care Food			-	246,402	291,757	45,355
Food Distribution Cluster:						
Temporary Emergency Food Assistance (20-21)	79728	10.568	60,943	121,547	60,604	-
Temporary Emergency Food Assistance (21-22)	84782	10.568	-	92,719	115,538	22,819
Total Temporary Emergency Food Assistance			60,943	214,266	176,142	22,819
<u>Non-Cash Assistance</u>						
Temporary Emergency Food Assistance		10.569	(443,303)	629,751	910,746	(162,308)
Total Food Distribution Cluster			(382,360)	844,017	1,086,888	(139,489)
Passed through United Way						
COVID-19 Emergency Food and Shelter Program - CARES Cheatham	763600-001	97.024	(10,039)	(8,440)	1,599	-
COVID-19 Emergency Food and Shelter Program - CARES Robertson	777200-007	97.024	(17,382)	(6,699)	10,683	-
COVID-19 Emergency Food and Shelter Program - CARES Rutherford	777400-003	97.024	7,765	15,535	7,770	-
COVID-19 Emergency Food and Shelter Program - CARES Williamson	781400-001	97.024	(2,662)	(1,312)	1,350	-
Emergency Food and Shelter Program - Cheatham	763600-001	97.024	398	398	-	-
Emergency Food and Shelter Program - Robertson	777200-007	97.024	(50)	(50)	-	-
Emergency Food and Shelter Program - Williamson	781400-001	97.024	344	344	-	-
Total Emergency Food and Shelter Program			(21,626)	(224)	21,402	-
Total U.S. Department of Agriculture			(403,986)	1,090,195	1,400,047	(94,134)
<u>U.S. Department of Energy</u>						
Passed through Tennessee Housing Development Agency						
Weatherization Assistance (20-22)	WAP-19 (2020)	81.042	31,971	67,131	78,918	43,758
Total U.S. Department of Energy			31,971	67,131	78,918	43,758

(Continued)

See accompanying notes to schedule of expenditures of federal awards and state financial assistance.

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONT'D)
YEAR ENDED JUNE 30, 2022

Federal Grantor/Program Title	Grant Number Or Pass-Through Grantor's Contract Number	Federal CFDA Number	Accrued Receivable (Payable) July 1, 2021	Receipts	Expenditures	Accrued Receivable (Payable) June 30, 2022
<u>U.S. Department of Health and Human Services</u>						
Head Start (20-21)	04CH011764-01-02	93.600	126,131	558,484	432,353	-
Early Head Start (20-21)	04CH011764-01-02	93.600	153,304	348,941	195,637	-
COVID CRRSA Head Start	04CH01176401C3	93.600	63,547	354,606	258,472	(32,587)
Head Start (21-22)	04CH011764-02-00	93.600	-	6,290,694	6,677,356	386,662
Early Head Start (21-22)	04CH011764-02-00	93.600	-	1,554,538	1,693,322	138,784
Head Start - ARP	04HE000637-01-00	93.600	-	191,082	265,419	74,337
Total Head Start			342,982	9,298,345	9,522,559	567,196
Child Care and Development Block Grant	1614	93.575	-	52,000	46,323	(5,677)
Total Child Care and Development Block Grant			-	52,000	46,323	(5,677)
<u>Passed Through State of TN Department of Human Services</u>						
Community Services Block Grant (19-20)	Z-20-49111	93.569	(33,683)	-	-	(33,683)
COVID-19 CARES Community Services Block Grant	Z-19-49111 SP	93.569	233,596	553,982	726,622	406,236
Community Services Block Grant (20-21)	Z21-49111	93.569	329,447	696,645	367,198	-
Community Services Block Grant (21-22)	Z22-49111	93.569	-	546,339	797,345	251,006
Total Community Services Block Grant			529,360	1,796,966	1,891,165	623,559
<u>Passed Through State of TN Housing Development Agency</u>						
Low Income Home Energy Assistance (18-19)	LIHEAP-18-11	93.568	125,542	125,542	-	-
Low Income Home Energy Assistance Weatherization (20-21)	LWx-18-10	93.568	23,566	23,566	-	-
COVID-19 CARES Low Income Home Energy Assistance (21)	LIHEAP CARES-11	93.568	(15,447)	13,964	-	(29,411)
Low Income Home Energy Assistance (20-21)	LIHEAP-18-11	93.568	367,927	675,489	307,562	-
Low Income Home Energy Assistance (21) - Supplemental	SUPPLEMENTAL	93.568	(21,763)	(61)	-	(21,702)
Low Income Home Energy Assistance (21-22)	LIHEAP-20-11	93.568	-	1,918,249	2,833,191	914,942
Low Income Home Energy Assistance Weatherization (21-22)	LWx-20-10	93.568	-	16,987	44,201	27,214
Total Low Income Home Energy Assistance			479,825	2,773,736	3,184,954	891,043
Total U.S. Department of Health and Human Services			1,352,167	13,921,047	14,645,001	2,076,121
Total Federal Awards			980,152	15,078,373	16,123,966	2,025,745
<u>State Awards</u>						
Special State Grant (20-21)	N/A	N/A	(25,039)	25,050	-	(50,089)
Total State Awards			(25,039)	25,050	-	(50,089)
Total Federal and State Awards			\$ 955,113	\$ 15,103,423	\$ 16,123,966	\$ 1,975,656

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2022

NOTE A – Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance (the schedule) includes the federal and state grant activity of the Agency and is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B – 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. The Agency has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C – Food Distribution

Nonmonetary assistance is reported in the schedule at the per-unit values as determined by the State of Tennessee Department of Agriculture. At June 30, 2022, the Agency had food commodities in inventory totaling \$162,308.



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
Mid-Cumberland Community Action Agency, Inc.
Mount Juliet, Tennessee

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 Mid-Cumberland Community Action Agency, Inc. (the Agency) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, 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 January 16, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 Agency'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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency'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*.

The Agency resolved prior-year findings 2021-001 and 2021-002 related to compliance by performing the specific tasks outlined in our report dated January 25, 2022.

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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stone Rudolph & Henry, PLC

Clarksville, Tennessee
January 16, 2023



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

Board of Directors
Mid-Cumberland Community Action Agency, Inc.
Mount Juliet, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Mid-Cumberland Community Action Agency, Inc.'s (the Agency) 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 the Agency's major federal programs for the year ended June 30, 2022. The Agency'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, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Agency 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 the Agency'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 the Agency's federal programs.

Auditor's Responsibility 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 the Agency'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 the Agency'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 the Agency'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 the Agency'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 the Agency'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.

Stone Rudolph & Henry, PLC

Clarksville, Tennessee
January 16, 2023

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report dated January 16, 2023, expressed an unmodified opinion on the financial statements of the Agency.
2. No instances related to the audit of the financial statements were reported in the 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* dated January 16, 2023.
3. No instances related to compliance were reported in the 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* dated January 16, 2023.
4. No instances related to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance dated January 16, 2023.
5. The Independent Auditor's Report on Compliance with Requirements for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance dated January 16, 2023, for the major federal award programs of the Agency expressed an unmodified opinion on all major federal programs.
6. No audit findings related to major programs were required to be reported in accordance under 2 CFR section 200.516(a) of the Uniform Guidance.
7. The programs tested as major programs were:

Program	CFDA No.
Child and Adult Care Food Program	10.558
Low-Income Home Energy Assistance Program	93.568
Community Services Block Grant	93.569
Food Distribution Cluster:	
Temporary Emergency Food Assistance	10.568
Temporary Emergency Food Assistance	10.569

8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. The Agency qualified as a low-risk auditee.

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
YEAR ENDED JUNE 30, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
SUMMARY SCHEDULE OF PRIOR FEDERAL AWARD FINDINGS
YEAR ENDED JUNE 30, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS

None

RELATED TO COMPLIANCE

2021-001 (Recurring Finding) Audit Filing Deadline (Original Finding 2020-001)

Condition: The Agency's annual audit was not completed by December 31, 2021, as required by the State of Tennessee.

Criteria: All State contract audits should be completed and submitted to the State of Tennessee within six months of the fiscal year end.

Cause: The Agency's accounting records were not available for audit.

Effect: The Agency did not meet the state audit deadline.

Recommendation: We recommend that the Agency's year-end closing procedures be reviewed and revised as necessary to ensure a timely start and completion of the audit by the required date.

Response: Monthly and year-end procedures have been implemented with deadlines to ensure the state audit deadline of December 31 is met each year including closing the year-end books by August 31.

2021-002 (Recurring Finding) Closing of Accounting Records (Original Finding 2020-002)

Condition: The Agency's accounting records were not closed and available for audit by August 31, 2021, as required by the State of Tennessee.

Criteria: Per Section 9-2-102, *Tennessee Code Annotated*, all nonprofits that have contract audits are required to have accounting records closed and available for audit no later than two months after the close of their fiscal year end.

Cause: The Agency's accounting records were not closed.

Effect: The Agency did not meet the deadline for closing their accounting records.

Recommendation: We recommend that the Agency's year-end closing procedures be reviewed and revised as necessary to ensure a timely start and completion of the audit by the required date.

Response: Monthly and year-end procedures have been implemented with deadlines to ensure the State year-end closing deadline of August 31 is met each year.