

AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

COMMUNITY DEVELOPMENT CENTER

(A NOT-FOR-PROFIT CORPORATION)

June 30, 2018

WINNETT
Associates, PLLC

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Community Development Center
Shelbyville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of Community Development Center (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. 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. 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 Community Development Center as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other 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 on page 17 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2018, on our consideration of Community Development Center'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 Community Development Center'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 Community Development Center's internal control over financial reporting and compliance.

Winnett Associates, PLLC

Shelbyville, Tennessee
December 18, 2018

STATEMENT OF FINANCIAL POSITION
COMMUNITY DEVELOPMENT CENTER

June 30, 2018

ASSETS

CURRENT ASSETS

Cash for general use - Note C	\$ 801,313
Certificates of deposit - Note C	677,291
Unconditional promises to give - Note E	109,276
Accounts receivable	333,784
Interest receivable	1,616
Prepaid expenses	8,395

TOTAL CURRENT ASSETS	1,931,675
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PROPERTY AND EQUIPMENT - Note F

467,681

TOTAL ASSETS	\$ 2,399,356
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 44,241
Security deposit	1,500
Payroll liabilities	67,025
Accrued leave - Note H	44,489

TOTAL LIABILITIES	157,255
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NET ASSETS

Unrestricted	\$ 2,141,325
Temporarily restricted - Note D	100,776
Permanently restricted	-

TOTAL LIABILITIES AND NET ASSETS	\$ 2,399,356
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The accompanying notes are an integral part of this financial statement.

STATEMENT OF ACTIVITIES
COMMUNITY DEVELOPMENT CENTER

Year ended June 30, 2018

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
SUPPORT, REVENUE, AND GAINS:				
Grants	\$ 1,610,108	\$ -	\$ -	\$ 1,610,108
City and County	-	82,436		82,436
In-kind - Note I	80,589			80,589
Organizational contributions	16,865	18,340		35,205
Individual contributions	6,666			6,666
Autism services	95,560			95,560
Employment and Community First Choices	1,600			1,600
Employment services	234			234
Special events	74,816			74,816
Interest income	7,850			7,850
Miscellaneous	18,001			18,001
Net assets released from restrictions:				
Contributions - released from restrictions	104,368	(104,368)		-
TOTAL SUPPORT, REVENUE, AND GAINS	2,016,657	(3,592)	-	2,013,065
EXPENSES AND LOSSES				
Expenses:				
Program services:				
Child Day Services	133,552			133,552
Family Support	264,915			264,915
Vendor Contract Services	185			185
Independent Support	727,098			727,098
Home Community Based Services	453,045			453,045
Children's Center for Autism	210,435			210,435
Employment Services	43,039			43,039
Supporting services:				
Management and general	274,814			274,814
Fund raising	25,278			25,278
TOTAL EXPENSES	2,132,361			2,132,361
CHANGES IN NET ASSETS	(115,704)	(3,592)	-	(119,296)
NET ASSETS AT BEGINNING OF YEAR	2,257,029	104,368	-	2,361,397
NET ASSETS AT END OF YEAR	\$ 2,141,325	\$ 100,776	\$ -	\$ 2,242,101

The accompanying notes are an integral part of this financial statement.

STATEMENT OF FUNCTIONAL EXPENSES
COMMUNITY DEVELOPMENT CENTER

Year ended June 30, 2018

	Program Services			
	Child Day Services	Family Support Services	Vendor Contract Services	Independent Support
Salaries	\$ 40,296	\$ 31,457	\$ -	\$ 525,937
Fringe benefits	5,098	5,850	-	99,833
TOTAL SALARIES AND FRINGE BENEFITS	45,394	37,307	-	625,770
Travel	314	395	96	13,910
Communications	1,220	862	-	8,056
Utilities	5,527	369	-	4,160
Postage and shipping	93	25	-	945
Professional services	1,090	34	28	1,525
Supplies	925	80	-	7,575
Food	491	231	-	956
Maintenance	9,575	781	1	10,730
Training and seminars	-	65	-	1,205
Rent	-	-	-	26,340
Insurance	1,615	539	13	9,617
In-kind expenses - Note I	52,820	560	-	-
Dues and subscriptions	477	-	-	2,569
Advertising and education	-	-	-	-
Special events	-	-	-	-
Grants and subsidies	-	222,190	-	-
Small equipment	-	-	-	-
Uncollectibles	841	1,472	-	-
Miscellaneous	326	5	47	956
TOTAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	120,708	264,915	185	714,314
Depreciation	12,844	-	-	12,784
TOTAL EXPENSES	\$ 133,552	\$ 264,915	185	\$ 727,098

The accompanying notes are an integral part of this financial statement.

Program Services			Supporting Services		Total Expenses
Home Community Based Services	Children's Center for Autism	Employment Services	Management and General	Special Events	
\$ 302,277	\$ 159,001	\$ 35,693	\$ 194,594	\$ -	\$ 1,289,255
54,114	20,650	4,249	33,390	-	223,184
<u>356,391</u>	<u>179,651</u>	<u>39,942</u>	<u>227,984</u>	<u>-</u>	<u>1,512,439</u>
23,247	88	-	2,827	-	40,877
8,012	927	59	3,006	-	22,142
4,532	2,823	-	1,522	-	18,933
-	40	-	419	-	1,522
900	9,437	249	14,355	-	27,618
4,292	1,836	1,190	3,910	-	19,808
141	232	17	306	-	2,374
14,315	4,162	73	3,457	-	43,094
280	244	1,374	4,294	-	7,462
-	-	-	-	-	26,340
11,295	5,909	124	2,718	-	31,830
27,209	-	-	-	-	80,589
2,431	431	-	1,681	-	7,589
-	64	-	-	-	64
-	-	-	-	25,278	25,278
-	-	-	-	-	222,190
-	-	-	-	-	-
-	-	-	-	-	2,313
-	-	11	673	-	2,018
<u>453,045</u>	<u>205,844</u>	<u>43,039</u>	<u>267,152</u>	<u>25,278</u>	<u>2,094,480</u>
-	4,591	-	7,662	-	37,881
<u>\$ 453,045</u>	<u>\$ 210,435</u>	<u>\$ 43,039</u>	<u>\$ 274,814</u>	<u>\$ 25,278</u>	<u>\$ 2,132,361</u>

STATEMENT OF CASH FLOWS
COMMUNITY DEVELOPMENT CENTER

Year ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Decrease in net assets		\$ (119,296)
Adjustments to reconcile decrease in net assets to cash provided by operating activities:		
Depreciation and amortization	\$ 37,881	
Changes in operating assets:		
Pledges receivable	17,092	
Accounts receivable	4,688	
Interest receivable	(209)	
Prepaid expenses	(485)	
Changes in operating liabilities:		
Accounts payable	(13,965)	
Accrued leave	8,462	
Payroll-related liabilities	9,861	
	NET ADJUSTMENTS	63,325
	NET CASH USED BY OPERATING ACTIVITIES	(55,971)

CASH FLOWS FROM INVESTING ACTIVITIES:

Short-term investments, net	(94,421)	
Payments for property and equipment	(14,317)	
	NET CASH USED BY INVESTING ACTIVITIES	(108,738)
	NET DECREASE IN CASH AND CASH EQUIVALENTS	(164,709)
	BEGINNING CASH AND CASH EQUIVALENTS	966,023
	ENDING CASH AND CASH EQUIVALENTS	\$ 801,314

The accompanying notes are an integral part of this financial statement.

NOTES TO FINANCIAL STATEMENTS
COMMUNITY DEVELOPMENT CENTER

June 30, 2018

NOTE A - COMMUNITY DEVELOPMENT CENTER

The Community Development Center (the Center), formerly named Child Development Center, Bedford County, Marshall County and Lincoln County, was incorporated on April 14, 1972, as a Tennessee not-for-profit corporation whose primary purpose is to provide educational and social services to developmentally delayed children.

Since incorporation, the Center has added programs that provide services to families at risk, and to mentally handicapped adults. The Center is funded principally with state grants and contributions from the Cities of Shelbyville, Fayetteville, and Pulaski, the counties of Bedford, Marshall, Lincoln and Giles, civic clubs and private citizens.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Accounting Method

The financial statements of the Center are prepared on the accrual basis of accounting. Under this method, revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Contributions are recognized when a donor makes a promise to give to the Center that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily (or permanently, when applicable) restricted assets. When a restriction expires, restricted net assets are reclassified to unrestricted net assets. The Center has not implied time restrictions on gifts of long-lived assets.

(2) Property and Equipment

Property and equipment purchased are stated at cost and donated property and equipment are stated at fair market value on the date contributed, less accumulated depreciation which is computed by the straight-line method over estimated useful lives of the individual assets as follows: furniture and equipment, 5-10 years; car, 4 years; bus, 7 years; building improvements, 5 and 10 years. Disbursements for property and equipment with a per unit cost in excess of \$2,000.00 are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. All furniture and equipment purchased with grant funds, as well as the proceeds from the disposal of such furniture and equipment, are subject to a reversionary ownership interest by the grantor agency.

(3) Allowance for Uncollectible Accounts

Indebtedness to the Center known to be uncollectible has been written off, and adequate provision, based upon a review of the current status of accounts receivable and historical collection experience, has been made for anticipated adjustments and for possible losses in collection of the remaining accounts.

NOTES TO FINANCIAL STATEMENTS (cont'd)

COMMUNITY DEVELOPMENT CENTER

June 30, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(4) Functional Expenses

Functional expenses are allocated between Program Services and Supporting Services based on an analysis of personnel time and space utilized for the respective activities.

(5) Use of Estimates

The preparation of financial statements in conformity 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.

(6) Cash and Cash Equivalents

For purposes of the statement of cash flows, the Center considers highly liquid investments with an initial maturity of three months or less which are neither designated nor restricted for long-term purposes to be cash equivalents.

(7) Contributed Services

The Center records various types of in-kind support, including contributed facilities and services. Contributed services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The value of in-kind support meeting the requirements for recognition in the financial statements is disclosed in Note I. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Center, but these services do not meet the criteria for recognition as contributed services. The Center receives approximately 1,600 volunteer hours per year.

(8) Subsequent Events

Subsequent events have been evaluated through December 18, 2018, which is the date the financial statements were available to be issued.

NOTE C - CASH

The following is a summary of unrestricted cash at June 30, 2018:

	Cash Equivalents	Certificates of Deposit	Total
Cash for general use	\$ 801,313	\$ 677,291	\$1,478,604

NOTES TO FINANCIAL STATEMENTS (cont'd)

COMMUNITY DEVELOPMENT CENTER

June 30, 2018

NOTE D - RESTRICTIONS ON NET ASSETS

Of the temporarily restricted net assets at June 30, 2018, \$18,340 is United Way funding for the next year, and \$82,436 is funding for next year from various cities and counties served by the Center.

NOTE E - PROMISES TO GIVE

Unconditional promises to give consist of the following:

United Way	\$ 18,340
City and County funding	82,436
Other organizations	<u>8,500</u>
	<u>\$109,276</u>

Amounts due in more than one year are not significant; thus no discount factor has been applied.

NOTE F - PROPERTY AND EQUIPMENT

Major classifications of property and equipment are as follows:

	<u>Cost</u>			
	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2018</u>
Equipment	\$ 262,866	\$ 10,568	\$ -	\$ 273,434
Vehicles	140,203	-	-	140,203
Land	42,830	-	-	42,830
Software	38,703	-	-	38,703
Building, building improvements	<u>696,595</u>	<u>3,750</u>	-	<u>700,345</u>
	<u>\$ 1,181,197</u>	<u>\$ 14,318</u>	<u>\$ -</u>	<u>\$ 1,195,515</u>
	<u>Accumulated Depreciation</u>			
	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2018</u>
Equipment	\$ 250,795	\$ 6,209	\$ -	\$ 257,004
Vehicles	124,791	3,935	-	128,726
Software	13,194	3,778	-	16,972
Building, building improvements	<u>301,173</u>	<u>23,959</u>	-	<u>325,132</u>
	<u>\$ 689,953</u>	<u>\$ 37,881</u>	<u>\$ -</u>	<u>\$ 727,834</u>

NOTES TO FINANCIAL STATEMENTS (cont'd)

COMMUNITY DEVELOPMENT CENTER

June 30, 2018

NOTE G - LEASES

The Center conducts some of its programs from a building owned by Bedford County and the City of Shelbyville. The Center receives free use of this building.

Lincoln County provides facilities for the Center's Fayetteville operations. In addition to the free use of the facilities, building insurance and utilities are provided free of charge.

The Independent Support program leases facilities in Columbia. The current agreement began January 1, 2018, and ends December 31, 2018. Amounts paid for the Columbia facilities totaled \$26,340 for the year ended June 30, 2018. Future lease payments required under the current lease are \$13,170. Subsequent to June 30, the Center entered into a new lease for its Columbia facilities. The lease period is from November 1, 2018, through October 31, 2023, with a monthly rent of \$1,950.

NOTE H - ACCRUED ANNUAL LEAVE

This liability, in the amount of \$44,489, represents annual vacation earned by employees as of June 30, 2018, but not yet taken.

NOTE I - IN-KIND REVENUE AND EXPENSES

The Center received in-kind donations that consisted of the following:

Use of facilities, including utilities and insurance	\$80,589
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In-kind revenue and expenses reflected in the financial statements are not actual monies received or expended.

NOTE J - SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

From time to time, the Center has on deposit in financial institutions funds that total in excess of the insured maximum of \$250,000. As of June 30, 2018, this risk amount, based on bank balances, was \$67,997. However, this at risk amount is subject to significant daily fluctuations throughout the year.

NOTE K - COMMITMENTS AND CONTINGENCIES

The Center receives a major portion of its funding from the Departments of Education, Intellectual and Developmental Disabilities, and Finance and Administration, the Cities of Shelbyville, Pulaski, and Fayetteville, and the Counties of Bedford, Marshall, Lincoln and Giles. A major reduction of funds from these entities, should this occur, could have a significant effect on future operations. Additionally, federal and state programs are subject to agency monitoring and retroactive adjustments which may result in paybacks by the Center in excess of liabilities accrued on an estimated basis in the financial statements.

NOTES TO FINANCIAL STATEMENTS (cont'd)

COMMUNITY DEVELOPMENT CENTER

June 30, 2018

NOTE L - RETIREMENT PLAN

The Center maintains a defined contribution plan where benefits depend solely on the actual value of contributions at the time of an employee's retirement. The Center matches eligible employees' contributions up to two percent of the employees' annual compensation. Eligible employees include all full-time and regular part-time (20 hours or more per week) employees. The Center has a provision of funds for certain eligible employees to designate for health insurance or the 403(b) retirement plan. The amount of the provision is determined by employment category status. The employer retirement benefit contributions are fixed by the Board of Directors. For the year ended June 30, 2018, the Center's contributions (two percent match and in-lieu-of health insurance) totaled \$89,325. Employees are fully vested for all contributions made to the plan.

NOTE M - RELATED ORGANIZATIONS

The Community Development Center Foundation (Foundation) is a nonprofit organization that was established to receive, hold, manage, and transfer property, real or personal, for the Center. The Foundation is also to manage any permanent special funds for the furtherance of the purposes of the agency and distribute funds to the Center to support and enhance programs for which funds are not provided by federal, state, and public sources.

NOTE N - FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that contributions be measured at the fair value of the assets given. The present value of estimated future cash flows using a discount rate commensurate with the risks involved is an appropriate measure of fair value of unconditional promises to give cash. Unconditional promises to give that are expected to be paid in less than one year may be measured at net settlement value because that amount, although not equivalent to the present value of estimated future cash flows, results in a reasonable estimate of fair value.

Assets measured at fair value on a recurring basis using unobservable inputs (Level 3):

Pledges receivable	July 1, 2017	\$ 126,368
	Issuances	144,551
	Settlements	<u>161,643</u>
	June 30, 2018	<u>\$ 109,276</u>

NOTES TO FINANCIAL STATEMENTS (cont'd)

COMMUNITY DEVELOPMENT CENTER

June 30, 2018

NOTE O - TAX-EXEMPT STATUS

The Center is exempt from federal income tax under Section 501(c) (3) of the U. S. Internal Revenue Code, is not a private foundation and does not conduct any unrelated business activities. Gifts to the Center are tax deductible as charitable contributions. The Center files information tax returns with the Internal Revenue Service. These returns are generally subject to examination for three years after filing. The open period includes years ending in 2015-2018.

SUPPLEMENTARY INFORMATION

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
COMMUNITY DEVELOPMENT CENTER**

Year ended June 30, 2018

Federal Grantor/ Pass-Through Grantor	CFDA Number	Contract Number	Expenditures
<u>FEDERAL AWARDS</u>			
Department of Education (1)	84.181A	33195-00117	\$ 199,142
TOTAL FEDERAL AWARDS			199,142
<u>STATE FINANCIAL ASSISTANCE</u>			
TN Dept. of Intellectual and Developmental Disabilities		34401-99028	250,833
TN Dept. of Education		33195-00117	263,979
TN Dept. of Finance and Administration Division of Intellectual Disabilities		16-062-00	880,545
TOTAL STATE AWARDS			1,395,357
TOTAL FEDERAL AND STATE AWARDS			\$ 1,594,499

(1) - Federal funds passed through the State of Tennessee, Department of Education

Schedule was prepared using the accrual basis of accounting.

See independent auditor's report.

OTHER INFORMATION

DIRECTORY OF OFFICIALS
COMMUNITY DEVELOPMENT CENTER

June 30, 2018

DIRECTORS

Anna Childress	- Chairman	Tami Newcomb
Julie Sanders	- Vice Chairman	Rhonda Nerren
Scott Cocanougher	- Financial Secretary	William Christie
Amie Newsom	- Secretary	Barry Childers
Sarah Hunt	- Ex-Officio	Mike Stone
Joe Hunt	- Ex-Officio	Gary Haile
Jane Townes	- Ex-Officio	Andy Bobo
Marilyn Massengale	- Ex-Officio	Rick Darling
Garrett Gordon	- Ch. Emeritus	Yesenia Garcia
James Russell, Jr.		

See independent auditor's report.

**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
Community Development Center
Shelbyville, 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 Community Development Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 18, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Development Center's internal control over financial reporting (internal control) to determine the 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 Community Development Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Development Center'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Winnett Associates, PLLC

Shelbyville, Tennessee
December 18, 2018

**SCHEDULE OF DISPOSITION OF PRIOR YEAR FINDINGS
COMMUNITY DEVELOPMENT CENTER**

June 30, 2018

There were no prior year findings reported.