

ABE'S GARDEN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Contract/grant Number	Beginning Deferred (Receivable)	Cash Receipts	Expenditures	Ending Deferred (Receivable)
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>						
Direct programs:						
Provider Relief Fund and American Rescue Plan Rural Distribution	93,498 - COVID	N/A	\$ -	\$ 282,145	\$ 282,145	\$ -
TOTAL DIRECT U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			-	282,145	282,145	-
<u>U.S. DEPARTMENT OF THE TREASURY</u>						
Passed through Tennessee Department of Human Services:						
Coronavirus Relief Fund	21.019 - COVID *	N/A	-	1,820,498	1,820,498	-
Total passed through Tennessee Department of Human Services			-	1,820,498	1,820,498	-
TOTAL U.S. DEPARTMENT OF THE TREASURY			-	1,820,498	1,820,498	-
TOTAL FEDERAL AWARDS			\$ -	\$ 2,102,643	\$ 2,102,643	\$ -

\* Considered a major program under Title 2 U.S. Code of Federal Regulations (CFR) Part 200

SEE ACCOMPANYING NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.

## ABE'S GARDEN

### NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2021

#### NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Abe's Garden (the "Organization") under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations ("CRF") 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 the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as noted in Finding 2021-001 and the Report on Supplementary Information, 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 Organization has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

#### NOTE 3 - SUBRECIPIENTS

The Organization has not passed any federal awards through to subrecipients for the year ended December 31, 2021.

#### NOTE 4 - PROVIDER RELIEF FUND

Based on guidance from the Department of Health and Human Services ("HHS"), the Provider Relief Funds ("PRF") are reported on the Schedule as the funds are reported to HHS thru the Provider Relief Funding Portal. Therefore, the amount of PRF expenditures included on the Schedule at December 31, 2021 are based upon the PRF reporting portal guidelines for Period 1 and Period 2 reporting, as specified by HHS. Reporting Periods 1 and 2 include PRF receipts from April 10, 2020 to December 31, 2020, for qualifying expenditures during the period of January 1, 2020 through December 31, 2021.

## OTHER REPORTS

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  
Abe's Garden  
Nashville, Tennessee

We have audited, 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, the financial statements of Abe's Garden (the "Organization"), which comprise the statement of financial position as of December 31, 2021, 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 September 15, 2022. Our report qualifies our opinion on such financial statements because of the significance of the effects of the matter described in the Basis for Qualified Opinion section of our report. See the accompanying Independent Auditor's Report for additional information.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

## REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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*.

## MANAGEMENT'S RESPONSE TO FINDINGS

*Government Auditing Standards* requires the auditor to perform limited procedures on management's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned cost. Management's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

*KraftCPAs PLLC*

Nashville, Tennessee  
September 15, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Board of Directors  
Abe's Garden  
Nashville, Tennessee

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM

OPINION ON EACH MAJOR FEDERAL PROGRAM

We have audited Abe's Garden's (the "Organization") 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 Organization's major federal programs for the year ended December 31, 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.

In our opinion, Abe's Garden 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 December 31, 2021.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirement 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 Organization 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 Organization'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, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF COMPLIANCE

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization'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 GAAS, *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 Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Organization'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 Organization'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 Organization'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 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 or Compliance section 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.

*KraftCPAs PLLC*

Nashville, Tennessee  
September 15, 2022



ABE'S GARDEN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2021

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Qualified

Internal control over financial reporting:

- Material weakness(es) identified?     X     Yes        No
- Significant deficiency(ies) identified?        Yes     X     None Reported

Noncompliance material to financial statements noted?

       Yes     X     No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?        Yes     X     No
- Significant deficiency(ies) identified?        Yes     X     None Reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

       Yes     X     No

Identification of major federal programs:

**Assistance Listing Number(s)      Name of Federal Program or Cluster**

21.019                      Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

       Yes     X     No

ABE'S GARDEN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS

CURRENT YEAR

**Finding 2021-001 - Federal Grant Award Reported in the Improper Period**

**Criteria:** Management is responsible for preparing financial statements that are complete, accurate, and in accordance with accounting principles generally accepted in the United States of America. Those accounting standards require conditional grant revenue received from governmental agencies to be reported in the period in which the conditions were met.

**Condition:** During the current year audit, the audit team determined that the Organization received a \$1,954,745 Coronavirus Relief Fund ("CRF") grant award during 2020. The initial payment received in 2020 was \$134,247 and the remaining \$1,820,498 was received in 2021, at which time it was improperly included as grant revenue. CFR eligible expenditures totaling the full grant award were determined to be expended during 2020, which satisfied the conditions of the award, and therefore, should have been recorded as grant receivable and grant revenue as of and for the year ended December 31, 2020. If the Organization had recognized conditional grants in accordance with GAAP in the proper period, contributions and grants would have been reduced by \$1,820,498 and net assets without donor restrictions at the beginning of the year would have been increased by \$1,820,498. Our opinion has been qualified for this matter as described in the Basis for Qualified Opinion section of our report on the audit of the financial statements.

**Cause:** During 2020, the Organization expended all \$1,820,498 CRF funds in accordance with the grant terms, which satisfied the conditions of the award; however, was not received by the Organization until 2021. As a result, the revenue was recorded in the year it was received instead of the year it was expended, which is not in accordance with accounting principles generally accepted in the United States of America.

**Effect:** The effect of the grant being recorded as revenue in 2021 resulted in contributions and grants being overstated by \$1,820,498 and beginning net assets being understated \$1,820,498. Ending net assets at December 31, 2021 are accurately stated.

**Recommendation:** We recommend that management implement accounting policies and procedures to ensure that grant revenue received from governmental agencies is reported in the period in which the grant conditions are met.

**Management's Response:** Management's response is reported in the "Corrective Action Plan" at the end of the report.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

CURRENT YEAR

There are no current year findings.