

AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

COMMUNITY DEVELOPMENT CENTER

(A NOT-FOR-PROFIT CORPORATION)

June 30, 2019

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, 2019, 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, 2019, 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.

Emphasis of Matter

As discussed in Note Q, Community Development Center adopted Financial Accounting Standards Board's ASU No. 2016-14 for the year ended June 30, 2019. Accordingly, changes to net asset terminology and certain additional disclosure requirements are reflected in the financial statements.

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 October 17, 2019, 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
October 17, 2019

STATEMENT OF FINANCIAL POSITION
COMMUNITY DEVELOPMENT CENTER

June 30, 2019

<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash for general use - Note C		\$	712,860
Certificates of deposit - Note C			627,912
Unconditional promises to give - Note E			99,676
Accounts receivable-net of allowance for doubtful accounts of \$2,753			382,850
Interest receivable			3,973
Prepaid expenses			11,858
	TOTAL CURRENT ASSETS		<u>1,839,129</u>
PROPERTY AND EQUIPMENT - Note F			434,658
	TOTAL ASSETS	\$	<u><u>2,273,787</u></u>
<u>LIABILITIES AND NET ASSETS</u>			
<u>CURRENT LIABILITIES</u>			
Accounts payable		\$	48,062
Security deposit			250
Payroll liabilities			70,124
Accrued leave - Note H			41,980
	TOTAL LIABILITIES		<u>160,416</u>
<u>NET ASSETS</u>			
Without donor restrictions	\$	2,020,209	
With donor restrictions		<u>93,163</u>	
	TOTAL NET ASSETS		<u>2,113,372</u>
	TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>2,273,788</u></u>

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

STATEMENT OF ACTIVITIES
COMMUNITY DEVELOPMENT CENTER

Year ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	TOTAL
SUPPORT, REVENUE, AND GAINS:			
Grants	\$ 1,639,747	\$ -	\$ 1,639,747
City and County		80,349	80,349
In-kind - Note I	80,589		80,589
Organizational contributions	12,997	12,814	25,811
Individual contributions	4,716		4,716
Autism services	208,884		208,884
Employment and Community First Choices	1,043		1,043
Employment services	17,200		17,200
Special events	100,204		100,204
Interest income	11,064		11,064
Miscellaneous	4,473		4,473
Net assets released from restrictions:			
Contributions - released from restrictions	100,776	(100,776)	-
TOTAL SUPPORT, REVENUE, AND GAINS	2,181,693	(7,613)	2,174,080
EXPENSES AND LOSSES:			
Program services:			
Child Day Services	48,325		48,325
Family Support	255,481		255,481
Vendor Contract Services	3,812		3,812
Independent Support	688,504		688,504
Home Community Based Services	492,926		492,926
Children's Center for Autism	438,840		438,840
Employment Services	74,193		74,193
Supporting services:			
Management and general	277,228		277,228
Fund raising	23,500		23,500
TOTAL EXPENSES AND LOSSES	2,302,809		2,302,809
CHANGES IN NET ASSETS	(121,116)	(7,613)	(128,729)
NET ASSETS AT BEGINNING OF YEAR	2,141,325	100,776	2,242,101
NET ASSETS AT END OF YEAR	\$ 2,020,209	\$ 93,163	\$ 2,113,372

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

STATEMENT OF FUNCTIONAL EXPENSES
COMMUNITY DEVELOPMENT CENTER

Year ended June 30, 2019

	Program Services			
	Child Day Services	Family Support Services	Vendor Contract Services	Independent Support
Salaries	\$ 13,838	\$ 30,647	\$ 2,960	\$ 499,915
Fringe benefits	1,990	5,944	471	92,851
TOTAL SALARIES AND FRINGE BENEFITS	15,828	36,591	3,431	592,766
Travel	237	462	324	13,433
Communications	287	628	-	9,130
Utilities	187	432	-	7,093
Postage and shipping	55	392	-	971
Professional services	52	38	-	1,219
Supplies	1,563	65	-	6,026
Food	-	155	-	1,265
Maintenance	2,249	635	24	8,149
Training and seminars	-	-	-	763
Rent	-	-	-	21,473
Insurance	524	392	33	9,419
In-kind expenses - Note I	19,556	560	-	-
Dues and subscriptions	335	-	-	2,980
Advertising and education	-	-	-	-
Special events	-	-	-	-
Grants and subsidies	-	215,131	-	-
Small equipment	-	-	-	-
Uncollectibles	-	-	-	-
Miscellaneous	-	-	-	1,055
TOTAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	40,873	255,481	3,812	675,742
Depreciation	7,452	-	-	12,762
TOTAL EXPENSES	\$ 48,325	\$ 255,481	3,812	\$ 688,504

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

Program Services			Supporting Services		
Home Community Based Services	Children's Center for Autism	Employment Services	Management and General	Special Events	Total Expenses
\$ 335,722	\$ 296,172	\$ 56,302	\$ 202,248	\$ -	\$ 1,437,804
61,659	36,304	10,391	33,026	-	242,636
<u>397,381</u>	<u>332,476</u>	<u>66,693</u>	<u>235,274</u>	<u>-</u>	<u>1,680,440</u>
20,908	138	-	2,248	-	37,750
8,047	2,117	1,034	2,398	-	23,641
4,951	9,299	396	1,495	-	23,853
50	40	-	172	-	1,680
897	23,467	11	15,591	-	41,275
4,594	9,616	354	2,272	-	24,490
82	319	-	198	-	2,019
14,756	13,944	458	3,516	-	43,731
1,391	1,534	449	1,119	-	5,256
-	-	-	-	-	21,473
11,072	8,626	364	3,046	-	33,476
27,209	28,829	4,435	-	-	80,589
1,588	578	-	1,748	-	7,229
-	41	-	-	-	41
-	-	-	-	23,500	23,500
-	-	-	-	-	215,131
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>172</u>	<u>-</u>	<u>186</u>	<u>-</u>	<u>1,413</u>
492,926	431,196	74,194	269,263	23,500	2,266,987
-	7,644	-	7,965	-	35,823
<u>\$ 492,926</u>	<u>\$ 438,840</u>	<u>\$ 74,194</u>	<u>\$ 277,228</u>	<u>\$ 23,500</u>	<u>\$ 2,302,810</u>

STATEMENT OF CASH FLOWS
COMMUNITY DEVELOPMENT CENTER

Year ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:

Decrease in net assets		\$ (128,729)
Adjustments to reconcile decrease in net assets to cash provided by operating activities:		
Depreciation and amortization	\$ 35,823	
Changes in operating assets:		
Pledges receivable	9,600	
Accounts receivable	(49,066)	
Interest receivable	(2,357)	
Prepaid expenses	(3,463)	
Changes in operating liabilities:		
Accounts payable	3,821	
Accrued leave	(2,509)	
Security deposit	(1,250)	
Payroll-related liabilities	3,099	
	NET ADJUSTMENTS	(6,302)
	NET CASH USED BY OPERATING ACTIVITIES	(135,031)

CASH FLOWS FROM INVESTING ACTIVITIES:

Short-term investments, net	49,379	
Payments for property and equipment	(2,800)	
	NET CASH PROVIDED BY INVESTING ACTIVITIES	46,579
	NET DECREASE IN CASH AND CASH EQUIVALENTS	(88,452)
	BEGINNING CASH AND CASH EQUIVALENTS	801,313
	ENDING CASH AND CASH EQUIVALENTS	\$ 712,861

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

NOTES TO FINANCIAL STATEMENTS
COMMUNITY DEVELOPMENT CENTER

June 30, 2019

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 net assets without restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. 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 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, 2019

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 1,200 volunteer hours per year.

(8) Subsequent Events

Subsequent events have been evaluated through October 17, 2019, 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, 2019:

	Cash Equivalents	Certificates of Deposit	Total
Cash for general use	<u>\$ 712,860</u>	<u>\$ 627,912</u>	<u>\$1,340,772</u>

NOTES TO FINANCIAL STATEMENTS (cont'd)

COMMUNITY DEVELOPMENT CENTER

June 30, 2019

NOTE D - RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions at June 30, 2019, are available for the following purposes or periods:

Support of next year's programs	\$93,163
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NOTE E - PROMISES TO GIVE

Unconditional promises to give consist of the following:

United Way	\$ 14,264
City and County funding	80,349
Other	<u>5,063</u>
	<u>\$ 99,676</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:

	Cost			Balance June 30, 2019
	Balance July 1, 2018	Additions	Retirements	
Equipment	\$ 273,434	\$ -	\$ -	\$ 273,434
Vehicles	140,203	-	-	140,203
Land	42,830	-	-	42,830
Software	38,703	-	-	38,703
Building, building improvements	<u>700,345</u>	<u>2,800</u>	-	<u>703,145</u>
	<u>\$ 1,195,515</u>	<u>\$ 2,800</u>	<u>\$ -</u>	<u>\$ 1,198,315</u>

	Accumulated Depreciation			Balance June 30, 2019
	Balance July 1, 2018	Additions	Retirements	
Equipment	\$ 257,004	\$ 4,767	\$ -	\$ 261,771
Vehicles	128,726	3,935	-	132,661
Software	16,972	3,580	-	20,552
Building, building improvements	<u>325,132</u>	<u>23,541</u>	-	<u>348,673</u>
	<u>\$ 727,834</u>	<u>\$ 35,823</u>	<u>\$ -</u>	<u>\$ 763,657</u>

NOTES TO FINANCIAL STATEMENTS (cont'd)

COMMUNITY DEVELOPMENT CENTER

June 30, 2019

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 November 1, 2018, and ends October 31, 2023. Amounts paid for the Columbia facilities totaled \$21,473 for the year ended June 30, 2019. Future lease payments required under the lease for the Columbia facilities are as follows:

Year ended June 30,	Amount
2020	\$ 23,400
2021	23,400
2022	23,400
2023	23,400
2024	7,800

NOTE H - ACCRUED ANNUAL LEAVE

This liability, in the amount of \$41,980, represents annual vacation earned by employees as of June 30, 2019, 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, 2019, this risk amount, based on bank balances, was \$33,431. However, this at risk amount is subject to significant daily fluctuations throughout the year.

NOTE K - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Center's financial assets at June 30, 2019, totaled \$1,827,271, all of which is available to meet cash needs for general expenditures within one year.

NOTES TO FINANCIAL STATEMENTS (cont'd)

COMMUNITY DEVELOPMENT CENTER

June 30, 2019

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, 2019, the Center's contributions (two percent match and in-lieu-of health insurance) totaled \$93,904. 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, 2018	\$ 109,276
	Issuances	91,713
	Settlements	<u>107,826</u>
	June 30, 2019	<u>\$ 93,163</u>

NOTE O - 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, 2019

NOTE P - 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 2016-2019.

NOTE Q - CHANGE IN ACCOUNTING PRINCIPLE

The Financial Accounting Standards Board's accounting standards update, ASU No. 2016-14, is effective for fiscal years beginning after December 15, 2017. As a result of implementing the requirements of the Statement, the Center now presents its net assets in two categories—net assets without donor restrictions and net assets with donor restrictions. The Statement also requires that information communicating the availability of an entity's financial assets to meet cash needs for general expenditures within one year be presented in its financial statements.

NOTE R - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The Center provides benefits to its retirees under an OPEB plan, which provides benefits prior to a retiree reaching Medicare eligibility. Retired plan members receive the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. The Center does not provide a direct subsidy for retirees and, therefore, is only subject to the implicit subsidy. Any liability due to the implicit subsidy is not considered significant, and no liability has been recorded.

SUPPLEMENTARY INFORMATION

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

Year ended June 30, 2019

Federal Grantor/ Pass-Through Grantor	CFDA Number	Contract Number	Expenditures
<u>FEDERAL AWARDS</u>			
Department of Education (1)	84.181A	33195-00117	\$ 221,415
TOTAL FEDERAL AWARDS			221,415
<u>STATE FINANCIAL ASSISTANCE</u>			
TN Dept. of Intellectual and Developmental Disabilities		34401-99028	250,833
TN Dept. of Education		33195-00117	292,263
TN Dept. of Finance and Administration Division of Intellectual Disabilities		16-062-00	866,736
TOTAL STATE AWARDS			1,409,832
TOTAL FEDERAL AND STATE AWARDS			\$ 1,631,247

(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, 2019

DIRECTORS

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

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, 2019, 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 October 17, 2019.

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
October 17, 2019

SCHEDULE OF DISPOSITION OF PRIOR YEAR FINDINGS

COMMUNITY DEVELOPMENT CENTER

June 30, 2019

There were no prior year findings reported.