

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
AUDITED FINANCIAL STATEMENTS AND OTHER INFORMATION
JUNE 30, 2021 AND 2020

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MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
DIRECTORY OF BOARD MEMBERS AND MANAGEMENT (UNAUDITED)
JUNE 30, 2021

BOARD MEMBERS

Mr. Jeff Coker*, Chairman
Ms. Marilyn Bryant, Vice-Chairman
Mr. Steve Paxton*, Treasurer
Ms. Amanda Garey, Secretary
Ms. Julie Brockman
Ms. Kee Bryant-McCormick
Mr. Ben Dean
Mr. Jaleel Hendricks
Ms. Candice O'Brien Beasley
Mr. Mark Presley
Mr. Ray Render
Ms. Arianna Ruby
Mr. Tony Sharpe
Ms. Joannie Summers

*denotes member of Finance Committee

MANAGEMENT

Ms. Debra Holmes, Executive Director
Mr. Jason Stewart, Deputy 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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 on the previous page present fairly, in all material respects, the financial position of the Agency as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The schedule of expenditures of federal awards and state financial assistance 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. Such 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.

The directory of board of directors and management has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2022, 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 25, 2022

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents		
Restricted	\$ 126,065	\$ 10,463
Unrestricted	100,311	305,312
Accounts receivable	618	-
Federal grants receivable	1,524,481	908,891
Inventory	443,303	367,041
Investments	31,576	22,596
Total current assets	<u>2,226,354</u>	<u>1,614,303</u>
<u>PROPERTY AND EQUIPMENT</u>		
Building	1,507,326	32,065
Furniture and equipment	400,468	15,384
Vehicles	198,359	24,355
Total property and equipment	<u>2,106,153</u>	<u>71,804</u>
Less: Accumulated depreciation	160,309	65,067
Net property and equipment	<u>1,945,844</u>	<u>6,737</u>
Total assets	<u>\$ 4,172,198</u>	<u>\$ 1,621,040</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 798,080	\$ 586,436
Accrued expenses	202,460	94,813
Unearned revenue - federal grants	569,368	377,504
Total current liabilities	<u>1,569,908</u>	<u>1,058,753</u>
<u>NET ASSETS (DEFICIT)</u>		
With donor restrictions - grant contracts	3,391,286	908,891
Without donor restrictions - undesignated	(788,996)	(346,604)
Total net assets (deficit)	<u>2,602,290</u>	<u>562,287</u>
Total liabilities and net assets	<u>\$ 4,172,198</u>	<u>\$ 1,621,040</u>

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

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
<u>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:</u>		
Revenue:		
Gifts in-kind	\$ -	\$ 83,565
Investment income	361	514
Total unrestricted support	361	84,079
Net assets released from restrictions:		
Restrictions satisfied by grant compliance	12,847,955	8,370,416
Total unrestricted support and reclassifications	12,848,316	8,454,495
Expenses:		
Program services	12,610,229	8,343,060
Supporting services	689,459	435,739
Total expenses	13,299,688	8,778,799
Change in net assets without donor restrictions	(451,372)	(324,304)
<u>NET ASSETS WITH DONOR RESTRICTIONS:</u>		
Federal and state grants	13,579,773	8,409,121
Contributed property and equipment - see Note 13	1,577,385	-
Local grants, contributions and other revenue	173,192	94,180
Net assets released from restrictions:		
Discontinuance of Head Start grant - see Note 13	-	(632,212)
Restrictions satisfied by grant compliance	(12,847,955)	(8,370,416)
Change in net assets with donor restrictions	2,482,395	(499,327)
<u>OTHER INCOME</u>		
Gain on sale of investments	8,980	-
Total other income	8,980	-
Change in net assets	2,040,003	(823,631)
<u>NET ASSETS - BEGINNING OF YEAR</u>	562,287	1,385,918
<u>NET ASSETS - END OF YEAR</u>	\$ 2,602,290	\$ 562,287

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, 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	\$ 567,759	\$ 41,262	\$ 11	\$ 24,870	\$ 12,610,229	\$ 689,459	\$ 13,299,688

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services						
	Community Services Block Grant	Low-Income Home Energy Assistance	Weatherization Assistance	Emergency Food Assistance	Head Start	Early Head Start	Early Head Start Child Care Partnership
Salaries/Wages	\$ 446,555	\$ 244,222	\$ 34,157	\$ 61,192	\$ 1,595,495	\$ 234,627	\$ 171,954
Employee benefits	108,668	123,210	23,169	5,709	557,452	88,574	78,183
Total personnel	555,223	367,432	57,326	66,901	2,152,947	323,201	250,137
Client assistance	78,798	2,286,375	71,749	524,581	-	-	-
Communications	26,766	19,914	2,893	2,605	46,526	3,763	2,775
Contracted services	14,484	10,247	8,411	55,928	162,357	3,181	41,357
In-kind	-	-	-	-	83,565	-	-
Insurance	5,969	23,010	1,601	471	-	-	-
Maintenance	4,767	283	22	11	60,049	7,286	4,308
Occupancy	95,392	45,684	5,684	4,521	168,592	5,738	3,438
Other	28,843	-	-	-	1,904	71	42
Professional services	8,770	11,904	1,161	899	10,397	-	-
Supplies	63,408	74,350	1,358	1,688	133,259	18,250	5,480
Training and seminars	36,542	104	306	-	16,252	1,281	2,229
Travel	13,023	4,671	773	5,212	13,109	368	1,071
	931,985	2,843,974	151,284	662,817	2,848,957	363,139	310,837
Depreciation	-	-	-	-	-	-	-
Total functional expenses	<u>\$ 931,985</u>	<u>\$ 2,843,974</u>	<u>\$ 151,284</u>	<u>\$ 662,817</u>	<u>\$ 2,848,957</u>	<u>\$ 363,139</u>	<u>\$ 310,837</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, 2020

	Program Services				Total Program Services	Supporting Services	Total Expenses
	Child and Adult Care Food	Emergency Food and Shelter	Special State Grant	Private and Local Assistance			
Salaries/Wages	\$ 52,769	\$ -	\$ -	\$ 1,787	\$ 2,842,758	\$ 158,835	\$ 3,001,593
Employee benefits	35,473	-	-	-	1,020,438	67,859	1,088,297
Total personnel	88,242	-	-	1,787	3,863,196	226,694	4,089,890
Client assistance	69,634	961	-	24,811	3,056,909	-	3,056,909
Communications	370	-	-	887	106,499	6,886	113,385
Contracted services	-	-	-	-	295,965	57,359	353,324
In-kind	-	-	-	-	83,565	-	83,565
Insurance	-	-	-	-	31,051	-	31,051
Maintenance	-	-	-	-	76,726	13,828	90,554
Occupancy	86	-	-	-	329,135	26,350	355,485
Other	10	-	-	-	30,870	-	30,870
Professional services	-	-	-	-	33,131	5,239	38,370
Supplies	33,758	-	9,521	-	341,072	21,135	362,207
Training and seminars	-	-	-	-	56,714	3,141	59,855
Travel	-	-	-	-	38,227	1,681	39,908
	192,100	961	9,521	27,485	8,343,060	362,313	8,705,373
Depreciation	-	-	-	-	-	73,426	73,426
Total functional expenses	\$ 192,100	\$ 961	\$ 9,521	\$ 27,485	\$ 8,343,060	\$ 435,739	\$ 8,778,799

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 2,040,003	\$ (823,631)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	95,242	73,426
Gain on sale on investments	(8,980)	-
Discontinuance of Head Start grant - see Note 13	-	632,212
Contributed property and equipment - see Note 13	(1,577,385)	-
Changes in:		
Accounts receivable	(618)	-
Federal grants receivable	(615,590)	486,266
Inventory	(76,262)	(199,249)
Accounts payable	211,644	(86,107)
Accrued expenses	107,647	(146,836)
Unearned revenue - federal grants	191,864	122,861
Net cash provided by operating activities	<u>367,565</u>	<u>58,942</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of property and equipment	<u>(456,964)</u>	<u>-</u>
Net cash used in investing activities	<u>(456,964)</u>	<u>-</u>
 <u>NET CHANGE IN CASH AND CASH EQUIVALENTS</u>	 (89,399)	 58,942
 <u>CASH AND CASH EQUIVALENTS - BEGINNING</u>	 <u>315,775</u>	 <u>256,833</u>
 <u>CASH AND CASH EQUIVALENTS - ENDING</u>	 <u>\$ 226,376</u>	 <u>\$ 315,775</u>

During the year ended June 30, 2020, the Agency received non-cash assistance recorded as gifts in-kind and program services totaling \$83,565.

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

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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, 2018.

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, 2021 AND 2020

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, 2021 and 2020.

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 89.7% and 95.8% of revenues for the years ended June 30, 2021 and 2020, 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.

Uncertainties

In early March 2020, the COVID-19 virus was declared a global pandemic. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, could be severely impacted for months or more, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty, to include any estimate of loss or impairment of assets that may result. Such changes may occur rapidly and be substantial.

Cash and Cash Equivalents

The Agency considers all highly-liquid debt instruments purchased with 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:

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2021 AND 2020

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

Cash and Cash Equivalents (Cont'd)

	<u>2021</u>	<u>2020</u>
Cash	\$ 100,311	\$ 305,312
Restricted cash – grant/program expenditures	<u>126,065</u>	<u>10,463</u>
Total	<u>\$ 226,376</u>	<u>\$ 315,775</u>

Investments

The Agency's investments consist of one mutual fund investment recorded at market value. At June 30, 2021 and 2020, the market value of the mutual fund was \$31,576 and \$22,596, 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, 2021 and 2020 is \$1,866,805 and \$-0-, 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. The Head Start grant was awarded back to the Agency effective August 1, 2020. 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.

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2021 AND 2020

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

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.

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.

Date of Management's Review

Subsequent events have been evaluated through January 25, 2022, 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 \$748,428 and \$360,121, at June 30, 2021 and 2020, respectively, of which \$263,064 and \$263,063, respectively, was insured by the Federal Deposit Insurance Corporation (FDIC), and \$485,364 and \$97,058, 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:

	<u>2021</u>	<u>2020</u>
Unrestricted cash	\$ 100,311	\$ 305,312
Investments	31,576	22,596
Total	<u>\$ 131,887</u>	<u>\$ 327,908</u>

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2021 AND 2020

4. Federal Grants Receivable

Grants receivable consisted of the following amounts:

	<u>2021</u>	<u>2020</u>
Temporary Emergency Food Assistance	\$ 60,943	\$ 87,077
Emergency Food and Shelter Program	8,507	-
Weatherization Assistance	31,971	52,742
Head Start	342,982	-
Low Income Home Energy Assistance	517,035	478,100
Community Services Block Grant	563,043	290,972
Total federal grants receivable	<u>\$ 1,524,481</u>	<u>\$ 908,891</u>

5. Unearned Revenue – Grants

Unearned grant revenue consisted of the following amounts:

	<u>2021</u>	<u>2020</u>
Temporary Emergency Food Assistance	\$ 443,303	\$ 367,041
Emergency Food and Shelter Program	30,133	10,463
Community Services Block Grant	33,683	-
Low Income Home Energy Assistance	37,210	-
Special State Grant	25,039	-
Total unearned grant revenue	<u>\$ 569,368</u>	<u>\$ 377,504</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, 2021 and 2020. The amount of this contribution was \$121,158 and \$118,450, 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. At June 30, 2021 and 2020, the estimated leave liability was \$-0- and \$13,468, respectively.

8. In-Kind Support

The fair value of in-kind support is reflected in revenues and included in expenses in the following functional categories:

	<u>2021</u>	<u>2020</u>
Rent	\$ -	\$ 83,565

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2021 AND 2020

8. In-Kind Support (Cont'd)

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 in-kind contributions to be used for grant matching purposes. The Agency conducts a Head Start Program which requires matching contributions of twenty percent. The in-kind match support has been valued by the Agency at approximate minimum wage rate for salaries and at fair value for rent and supplies. The Agency has applied for a waiver of the in-kind match requirement due to COVID-19 for all 2020-2021 Head Start grants. The waiver is expected to be automatically approved based on guidance from the Office of Head Start.

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

	<u>Head Start</u>
Labor	\$ 682,200
Supplies	<u>7,961</u>
	<u>\$ 690,161</u>

The in-kind support used for matching purposes during the year ended June 30, 2020 consisted of the following:

	<u>Head Start</u>
Labor	\$ 421,200
Rent	374,868
Supplies	<u>62,283</u>
	<u>\$ 858,351</u>

9. Operating Leases

The Agency leased office space, classrooms, and equipment under operating leases. The total paid for these leases was \$434,373 and \$352,025 for the years ended June 30, 2021 and 2020, respectively. The Agency also leases storage facilities on a month-to-month basis as needed.

The Agency was party to 20-year lease agreements for three of its Head Start facilities which were transferred to an interim management agency effective October 31, 2019 (see Note 13). The Agency made prepayments at the inception of these leases which were being amortized over the lives of the related leases and were recorded as an offset to the monthly lease payments. Due to the events described in Note 13, the prepayment was written off during the year ended June 30, 2020.

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2021 AND 2020

9. Operating Leases (Cont'd)

Future minimum lease payments are as follows:

Year Ending June 30,	Amount
2022	\$ 366,144
2023	325,240
2024	316,560
2025	267,810
2026	190,172
Thereafter	74,528

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:

	2021	2020
Without donor restrictions:		
Gifts in-kind - space	\$ -0-	\$ 83,565
Investment income	361	514
Released from restrictions	14,714,760	8,370,416
Total revenues without donor restrictions	14,715,121	8,454,495
With donor restrictions:		
Federal and state grants:		
Child and Adult Care Food Program	-0-	141,824
Temporary Emergency Food Assistance	687,257	669,924
Emergency Food and Shelter Program	41,262	961
COVID-19 TN Community CARES	564,300	-0-

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2021 AND 2020

12. Sources of Revenue (Cont'd)

	2021	2020
Weatherization Assistance	77,064	154,175
Head Start	7,649,028	3,516,179
Community Services Block Grant	1,349,597	956,567
Low Income Home Energy Assistance	3,211,254	2,918,669
Special State Grant	11	50,822
Contributed property and equipment – see Note 13	1,577,385	-0-
Local grants, contributions and other revenue:		
Local COVID grant	-0-	15,000
Other local grants	173,192	79,180
Released from restrictions:		
Discontinuance of Head Start grant – see Note 13	-0-	(632,212)
Restrictions satisfied by grant compliance	<u>(12,847,955)</u>	<u>(8,370,416)</u>
Total revenues with donor restrictions	<u>2,482,395</u>	<u>(499,327)</u>
 Total revenues	 <u>\$ 15,330,711</u>	 <u>\$ 7,955,168</u>

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. As a result of the relinquishment, the Agency reduced its staff by 178 employees, transferred fixed assets with a book value of \$469,149 to CDI, transferred three Head Start facility leases to CDI, and was reimbursed by CDI for the remaining seven Head Start operating leases during the period of time CDI managed the Head Start grant. The Agency also disposed of Head Start vehicles that CDI did not accept for operations which had an approximate book value of \$29,415.

Following is a schedule of adjustments made to reflect the relinquishment at June 30, 2020:

Cost basis of Head Start property and equipment transferred to CDI	\$ (460,313)
Cost basis of Head Start property and equipment not accepted by CDI	(29,415)
Write-off of prepaid rent	<u>(142,484)</u>
Total	<u>\$ (632,212)</u>

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 a fair value of \$1,577,385 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, 2021

Federal Grantor/Program Title	Grant Number Or Pass-Through Grantor's Contract Number	Federal CFDA Number	Accrued Receivable (Payable) July 1, 2020	Receipts	Expenditures	Accrued Receivable (Payable) June 30, 2021
<u>U.S. Department of Agriculture</u>						
Passed through State of TN Department of Agriculture						
Food Distribution Cluster:						
Temporary Emergency Food Assistance (19-20)	75661	10.568	\$ 87,077	\$ 115,561	\$ 28,484	\$ -
Temporary Emergency Food Assistance (20-21)	79728	10.568	-	26,455	87,398	60,943
Total Temporary Emergency Food Assistance			87,077	142,016	115,882	60,943
<u>Non-Cash Assistance</u>						
Temporary Emergency Food Assistance		10.569	(367,041)	647,637	571,375	(443,303)
Total Food Distribution Cluster			(279,964)	789,653	687,257	(382,360)
Passed through United Way						
COVID-19 Emergency Food and Shelter Program - CARES Cheatham	763600-001	97.024	-	13,037	2,998	(10,039)
COVID-19 Emergency Food and Shelter Program - CARES Robertson	777200-007	97.024	-	25,786	8,404	(17,382)
COVID-19 Emergency Food and Shelter Program - CARES Rutherford	777400-003	97.024	(10,000)	-	17,765	7,765
COVID-19 Emergency Food and Shelter Program - CARES Williamson	781400-001	97.024	-	9,068	6,406	(2,662)
Emergency Food and Shelter Program - Cheatham	763600-001	97.024	(463)	-	861	398
Emergency Food and Shelter Program - Robertson	777200-007	97.024	-	2,000	1,950	(50)
Emergency Food and Shelter Program - Williamson	781400-001	97.024	-	2,534	2,878	344
Total Emergency Food and Shelter Program			(10,463)	52,425	41,262	(21,626)
Total U.S. Department of Agriculture			(290,427)	842,078	728,519	(403,986)
<u>U.S. Department of Treasury</u>						
Passed through United Way						
COVID-19 TN Community CARES	67891	21.019	-	564,300	564,300	-
Total U.S. Department of Treasury			-	564,300	564,300	-
<u>U.S. Department of Energy</u>						
Passed through Tennessee Housing Development Agency						
Weatherization Assistance (19-20)	WAP 19-10	81.042	52,742	52,742	-	-
Weatherization Assistance (20-21)	WAP 19-10	81.042	-	45,093	77,064	31,971
Total U.S. Department of Energy			52,742	97,835	77,064	31,971

(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, 2021

<u>Federal Grantor/Program Title</u>	<u>Grant Number Or Pass-Through Grantor's Contract Number</u>	<u>Federal CFDA Number</u>	<u>Accrued Receivable (Payable) July 1, 2020</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Accrued Receivable (Payable) June 30, 2021</u>
<u>U.S. Department of Health and Human Services</u>						
Head Start (20-21)	04CH011764-01-02	93.600	-	5,355,112	5,481,243	126,131
Early Head Start (20-21)	04CH011764-01-02	93.600	-	1,410,106	1,563,410	153,304
COVID CRRSA Head Start	04CH01176401C3	93.600	-	540,828	604,375	63,547
Total Head Start			-	7,306,046	7,649,028	342,982
<u>Passed Through State of TN Department of Human Services</u>						
Community Services Block Grant (19-20)	Z-20-49111	93.569	290,972	674,017	349,362	(33,683)
COVID-19 CARES Community Services Block Grant	Z-19-49111 SP	93.569	-	72,524	306,120	233,596
Community Services Block Grant (20-21)	Z21-49111	93.569	-	364,668	694,115	329,447
Total Community Services Block Grant			290,972	1,111,209	1,349,597	529,360
<u>Passed Through State of TN Housing Development Agency</u>						
Low Income Home Energy Assistance (18-19)	LIHEAP-18-11	93.568	438,285	930,026	617,283	125,542
Low Income Home Energy Assistance Weatherization (18-19)	LWx-18-10	93.568	39,815	39,815	-	-
COVID-19 CARES Low Income Home Energy Assistance (21)	LIHEAP CARES-11	93.568	-	624,650	609,203	(15,447)
Low Income Home Energy Assistance (20-21)	LIHEAP-18-11	93.568	-	1,064,085	1,432,012	367,927
Low Income Home Energy Assistance (21) - Supplemental	SUPPLEMENTAL	93.568	-	515,775	494,012	(21,763)
Low Income Home Energy Assistance Weatherization (20-21)	LWx-18-10	93.568	-	35,178	58,744	23,566
Total Low Income Home Energy Assistance			478,100	3,209,529	3,211,254	479,825
Total U.S. Department of Health and Human Services			769,072	11,626,784	12,209,879	1,352,167
Total Federal Awards			531,387	13,130,997	13,579,762	980,152
<u>State Awards</u>						
Special State Grant (20-21)	N/A	N/A	-	25,050	11	(25,039)
Total State Awards			-	25,050	11	(25,039)
Total Federal and State Awards			\$ 531,387	\$ 13,156,047	\$ 13,579,773	955,113

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2021

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, 2021, the Agency had food commodities in inventory totaling \$443,303.



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, 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 January 25, 2022.

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 may exist that have not been identified.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002.

The Agency did not resolve prior-year findings 2020-001 and 2020-002 related to compliance. The findings recurred in the current year and are reported as findings 2021-001 and 2021-002.

The Agency's Responses to the Findings

The Agency's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Agency's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 25, 2022



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

We have audited Mid-Cumberland Community Action Agency, Inc.'s (the Agency) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended June 30, 2021. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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, 2021.

Report on Internal Control over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to on the previous page. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Stone Rudolph & Henry, PLC

Clarksville, Tennessee
January 25, 2022

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report dated January 25, 2022, expressed an unmodified opinion on the financial statements of the Agency.
2. No instances relating 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 25, 2022.
3. Two 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 25, 2022.
4. No instances relating 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 25, 2022.
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 25, 2022, for the major federal award programs of the Agency expressed an unmodified opinion on all major federal programs.
6. No audit findings relating 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:

<u>Program</u>	<u>CFDA No.</u>
Coronavirus Relief Fund (TC CARES)	21.019
Head Start Program	93.600

8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. The Agency did not qualify as a low-risk auditee.

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
YEAR ENDED JUNE 30, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS

RELATED TO INTERNAL CONTROL

None

RELATED TO COMPLIANCE

2021-001 (Recurring Finding) Audit Filing Deadline

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

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.

MID-CUMBERLAND COMMUNITY ACTION AGENCY, INC.
SUMMARY SCHEDULE OF PRIOR FEDERAL AWARD FINDINGS
YEAR ENDED JUNE 30, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS

None

RELATED TO COMPLIANCE

2020-001 Audit Filing Deadline

Condition: The Agency's annual audit was not completed by December 31, 2020, 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.

2020-002 Closing of Accounting Records

Condition: The Agency's accounting records were not closed and available for audit by August 31, 2020, 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.



MID-CUMBERLAND
COMMUNITY ACTION AGENCY
Helping people. Changing lives.

MANAGEMENT'S CORRECTIVE ACTION PLAN

FINDING 2021-001

Contact person: Jason Stewart

Corrective action planned: 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.

Anticipated completion date: January 31, 2022

FINDING 2021-002

Contact person: Jason Stewart

Corrective action planned: Monthly and year-end procedures have been implemented with deadlines to ensure the state year-end closing deadline of August 31st is met.

Anticipated completion date: January 31, 2022

Jason Stewart, Interim Executive Director