

**TRI-COUNTY COMMUNITY ACTION  
AGENCY, INC.**

**FINANCIAL REPORT**

**June 30, 2020**

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*Jones, Nale & Mattingly PLC*

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Tri-County Community Action Agency, Inc.  
LaGrange, Kentucky

We have audited the accompanying financial statements of Tri-County Community Action Agency, Inc. (a non-profit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, 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 audits. We conducted our audits 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 Tri-County Community Action Agency, Inc. as of June 30, 2020 and 2019, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2021, on our consideration of Tri-County Community Action 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 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 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 Tri-County Community Action Agency's internal control over financial reporting and compliance.

*Jones, Hale & Mattingly PLC*

Louisville, Kentucky  
February 22, 2021

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**June 30, 2020 and 2019**

ASSETS	2020	2019
<b>CURRENT ASSETS</b>		
Cash	\$ 514,549	\$ 360,595
Accounts receivable	2,154	3,376
Grants receivable	173,570	139,017
Prepaid expenses	841	759
Total current assets	691,114	503,747
<b>PROPERTY AND EQUIPMENT</b>		
Building	142,315	142,315
Equipment and furniture	96,059	110,654
Vehicles	369,703	257,656
Leasehold improvements	198,847	103,554
Construction in progress	4,500	--
	811,424	614,179
Less: accumulated depreciation	(376,393)	(338,500)
	435,031	275,679
Total assets	\$ 1,126,145	\$ 779,426
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current portion of long term debt	\$ 8,759	\$ 8,556
Current portion of capital lease payable	3,954	2,205
Accrued expenses	74,874	61,266
Total current liabilities	87,587	72,027
<b>LONG-TERM LIABILITIES</b>		
Long term debt, less current portion	82,005	90,444
Capital lease payable, less current portion	7,496	2,454
Total long-term liabilities	89,501	92,898
Total liabilities	177,088	164,925
<b>NET ASSETS</b>		
Without donor restrictions	902,763	581,364
With donor restrictions	46,294	33,137
Total net assets	949,057	614,501
Total liabilities and net assets	\$ 1,126,145	\$ 779,426

The Notes to Financial Statements are an integral part of these statements.

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**

**STATEMENTS OF ACTIVITIES**  
**Years Ended June 30, 2020 and 2019**

NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>2020</u>	<u>2019</u>
Support and revenue		
Grant funds	\$ 1,565,399	\$ 1,034,745
Fiscal court	69,200	69,200
Metro United Way	31,286	31,850
Contributions	99,388	38,448
Program fees	77,466	77,734
In-kind revenue	127,444	127,444
Interest income	1,280	711
Fundraising income	22,868	--
Other income	15,447	2,617
Total support and revenue	<u>2,009,778</u>	<u>1,382,749</u>
Net assets released from restrictions	<u>2,147</u>	<u>--</u>
Expenses		
Program services	1,410,797	1,133,790
Supporting services:		
Administrative	273,243	245,903
Fundraising	6,486	--
Total expenses	<u>1,690,526</u>	<u>1,379,693</u>
Increase in net assets without donor restrictions	<u>321,399</u>	<u>3,056</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	15,304	33,137
Net assets released from restrictions	<u>(2,147)</u>	<u>--</u>
Increase in net assets with donor restrictions	<u>13,157</u>	<u>33,137</u>
Increase in net assets	334,556	36,193
Net assets at beginning of year	<u>614,501</u>	<u>578,308</u>
Net assets at end of year	<u>\$ 949,057</u>	<u>\$ 614,501</u>

The Notes to Financial Statements are an integral part of these statements.

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

	2020			Totals
	Program Services	Supporting Services		
		General and Administrative	Fundraising	
Salaries	\$ 473,669	\$ 60,145	\$ --	\$ 533,814
Client assistance	464,907	1,483	--	466,390
Rent	31,594	95,850	--	127,444
Contract labor	68,621	--	--	68,621
Employee benefits	70,819	15,556	--	86,375
Professional fees	48,042	18,246	--	66,288
Depreciation	15,994	46,331	--	62,325
Payroll taxes	37,140	4,110	--	41,250
Utilities	39,164	630	--	39,794
Insurance - general	29,222	232	--	29,454
Travel	31,045	78	--	31,123
Miscellaneous	21,738	11,116	--	32,854
Supplies	21,698	6,301	6,086	34,085
Vehicle	21,487	11	--	21,498
Training	4,607	589	--	5,196
Telephone	11,618	1,049	--	12,667
Advertising	1,745	3,529	--	5,274
Maintenance and repairs	4,048	3,474	--	7,522
Equipment rent	3,252	2,022	400	5,674
Equipment purchase	280	719	--	999
Memberships, subscriptions, and fees	2,997	300	--	3,297
Interest	5,933	334	--	6,267
Postage	1,177	1,138	--	2,315
<b>TOTAL PROGRAM AND SUPPORTING SERVICES EXPENSES</b>	<b>\$ 1,410,797</b>	<b>\$ 273,243</b>	<b>\$ 6,486</b>	<b>\$ 1,690,526</b>

The Notes to Financial Statements are an integral part of this statement.

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2019**

	2019			
	Program Services	Supporting Services		Totals
		General and Administrative	Fundraising	
Salaries	\$ 388,847	\$ 51,848	\$ --	\$ 440,695
Client assistance	333,541	--	--	333,541
Rent	31,594	95,850	--	127,444
Contract labor	72,771	--	--	72,771
Employee benefits	58,632	13,474	--	72,106
Professional fees	39,391	11,213	--	50,604
Depreciation	7,580	41,433	--	49,013
Payroll taxes	34,621	3,572	--	38,193
Utilities	35,274	699	--	35,973
Insurance - general	26,403	161	--	26,564
Travel	23,175	518	--	23,693
Miscellaneous	10,558	8,667	--	19,225
Supplies	13,775	5,083	--	18,858
Vehicle	15,975	546	--	16,521
Training	12,715	2,984	--	15,699
Telephone	10,533	1,002	--	11,535
Advertising	5,670	704	--	6,374
Maintenance and repairs	3,181	3,040	--	6,221
Equipment rent	3,297	2,348	--	5,645
Equipment purchase	2,377	528	--	2,905
Memberships, subscriptions, and fees	1,156	1,175	--	2,331
Interest	1,969	138	--	2,107
Postage	755	716	--	1,471
Occupancy	--	204	--	204
<b>TOTAL PROGRAM AND SUPPORTING SERVICES EXPENSES</b>	<b>\$ 1,133,790</b>	<b>\$ 245,903</b>	<b>\$ --</b>	<b>\$ 1,379,693</b>

The Notes to Financial Statements are an integral part of this statement.



**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**

**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2020 and 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 334,556	\$ 36,193
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	62,325	49,013
Changes in assets and liabilities, net of the effects of investing and financing activities:		
Accounts receivable	1,222	1,589
Grants receivable	(34,553)	(35,356)
Prepaid expenses	(82)	(142)
Accrued expenses	13,608	(37,448)
Deferred revenue	--	(25,975)
Net cash provided by (used in) operating activities	377,076	(12,126)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(211,840)	(23,580)
Proceeds from sale of property and equipment	--	21,007
Net cash (used in) investing activities	(211,840)	(2,573)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on long-term debt	(8,236)	--
Payments on capital lease payable	(3,046)	(2,152)
Net cash (used in) financing activities	(11,282)	(2,152)
Net increase (decrease) in cash	153,954	(16,851)
Cash at beginning of year	360,595	377,446
Cash at end of year	\$ 514,549	\$ 360,595
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Payment on long-term debt from sale of property and equipment	\$ --	\$ (20,000)
Long-term debt incurred for the purchase of property and equipment	\$ --	\$ 119,000
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash payments for interest	\$ 6,163	\$ 138

The Notes to Financial Statements are an integral part of these statements.

## TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

### NOTES TO FINANCIAL STATEMENTS

#### Note 1. Summary of Significant Accounting Policies

##### Nature of operations

Tri-County Community Action Agency, Inc. (Organization), incorporated in January 1974 under the provisions of Title III of the Older Americans Act of 1965, is a non-profit corporation whose established purpose is to help the general welfare of the community by providing services to the elderly and low income persons in Oldham, Trimble, and Henry counties in Kentucky. The Organization receives a significant portion of their funding in the form of grants from various federal, state, and local agencies.

The Organization's primary programs consist of the following major categories:

- Adult Day Care
- Homecare
- CSBG Emergency Assistance
- Low Income Housing Energy Assistance Program (LIHEAP)
- Emergency Food and Shelter National Board Association
- Title III-D Health Promotion
- Title III-B Support Services
- Title III-C Nutrition and Other Nutrition Services
- Weatherization
- Wintercare
- Winterhelp

##### Use of estimates

The preparation of financial statements in accordance 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.

##### Cash

The Organization maintains its cash balances in bank deposit accounts which, at times, may exceed coverage provided by the Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses in such accounts. Management believes the Organization is not exposed to any significant risk on bank deposits.

##### Accounts receivable

Accounts receivable consists of amounts due to the Organization primarily for fees for services. All receivables are stated at net realizable value. Receivables are written off as they become uncollectible. Management believes all amounts are collectible and there is no allowance for doubtful accounts as of June 30, 2020 and 2019.

## NOTES TO FINANCIAL STATEMENTS

### Note 1. Summary of Significant Accounting Policies (Continued)

#### Property and equipment

Property and equipment are stated at cost for purchased assets and at fair market value on the date of contribution for donated assets. Depreciation is provided over the estimated useful lives of respective assets on a straight-line basis. Property and equipment held under capital leases are also amortized using the straight-line method over estimated lives. Amortization expense from capital leases is included with depreciation expense.

#### Capital leases

Capital leases are recorded at the lesser of the fair value of the leased asset at the inception of the lease or the present value of the minimum lease payments as of the beginning of the lease term.

#### Functional expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The functional expense statements report certain categories of expenses that are attributable to more than one program or supporting function. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest, and office and occupancy, which are allocated on a square-footage or specific identification basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

#### Grant and deferred revenue

Funds acquired from grants are generally recognized as revenue when the expenditure is incurred for the grant support program or projects and in the manner specified by the respective grant. In some instances, revenue is recorded in units of service as it has been provided by the grants. Deferred revenue consists of grant revenue received prior to incurrence of related expenditure.

#### Contributions

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. The Organization treats contributions with donor restrictions whose restrictions are met in the same reporting period as contributions without donor restrictions.

The Organization reports contributions as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the long-lived assets are acquired.

## NOTES TO FINANCIAL STATEMENTS

### Note 1. Summary of Significant Accounting Policies (Continued)

#### Advertising costs

Advertising costs are expensed when incurred. Advertising costs for the years ended June 30, 2020 and 2019 totaled \$5,724 and \$6,374, respectively.

#### Income taxes

The Organization's accounting policy provides that a tax expense/benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. The Organization has no uncertain tax positions resulting in an accrual of tax expense or benefit.

The Organization's Federal Return of Organization Exempt from Income Tax, Form 990, is subject to examination by the taxing authorities until the expiration of the related statutes of limitations on the return, which is generally three years.

#### Subsequent events

Subsequent events have been evaluated through February 22, 2021, which is the date the financial statements were available to be issued.

#### Recent accounting pronouncements

On May 28, 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers. The standard's core principle is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the organization's contracts with customers. This standard will be effective for the year ending June 30, 2021.

In February 2016, the FASB issued ASU 2016-02, Leases. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the year ending June 30, 2023.

Management is currently in the process of evaluating the impact of the adoption of these ASUs on the Organization's financial statements.

## NOTES TO FINANCIAL STATEMENTS

### Note 2. Liquidity and Availability of Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30:

	2020	2019
Financial assets at year end:		
Cash	\$514,549	\$360,595
Accounts receivable	2,154	3,376
Grants receivable	173,570	139,017
Total financial assets	690,273	502,988
Less amounts unavailable to be used within one year:		
Net assets with donor restrictions	(46,294)	(33,137)
	<u>\$643,979</u>	<u>\$469,851</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

### Note 3. Grants Receivable

Grants receivable is composed of the following at June 30:

	2020	2019
Kentucky Regional Planning and Development Agency:		
Title III-B (including transportation)	\$ 42,172	\$ 27,406
Adult Day	--	3,376
Title III-C	28,765	21,301
Home Care	15,737	28,267
Title III-D	--	10,125
Title III-E	--	1,760
Kentucky Cabinet for Health and Family Services:		
Community Services Block Grant	27,653	30,505
LIHEAP	19,860	--
Kentucky Association for Community Action Agencies:		
Weatherization LIHEAP	18,956	16,277
Weatherization Assistance Program	20,427	--
Total grants receivable	<u>\$173,570</u>	<u>\$139,017</u>

## NOTES TO FINANCIAL STATEMENTS

### Note 4. Capital Lease

The Organization has leased two copiers that have been classified as capital leases. The economic substance of the leases is that the Organization is financing the acquisition of the office equipment through the leases, and accordingly, the leased assets and related debt are recorded in the Organization's assets and liabilities. The leased assets included in equipment and furniture were \$21,161 and \$11,322 with related accumulated depreciation of \$10,066 and \$6,982 at June 30, 2020 and 2019, respectively.

The future annual minimum lease payments and their net present value are as follows:

Year ending June 30:	2021	\$ 4,460
	2022	2,360
	2023	2,169
	2024	2,169
	2025	<u>1,627</u>
Total minimum lease payments		12,785
Less amount representing interest		<u>(1,335)</u>
Present value of minimum lease payments		11,450
Less current obligations under capital lease		<u>(3,954)</u>
Long-term obligations under capital lease		<u><u>\$ 7,496</u></u>

### Note 5. Long-Term Debt

Long-term debt consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Note payable	\$ 90,764	\$ 99,000
Less current portion	<u>8,759</u>	<u>8,556</u>
Total long-term debt, less current portion	<u><u>\$ 82,005</u></u>	<u><u>\$ 90,444</u></u>

Tri-County Community Action Agency entered into a loan agreement on February 8, 2019 with Citizens Deposit Bank to borrow \$119,000. The loan bears a variable interest rate with an initial rate of 5.75%. The interest rate may change on February 8, 2024 and every 5 years thereafter. The note is payable in annual installments of \$14,065, and the Organization prepaid \$20,000 of principal on the note on February 26, 2019. The note has a maturity date of February 8, 2031 and is collateralized by the commercial building the funds were used to purchase.

Scheduled principal payments on the long-term debt are as follows:

Year ending June 30:	2021	\$ 8,759
	2022	9,284
	2023	9,826
	2024	10,399
	2025	10,996
	Thereafter	<u>41,500</u>
		<u><u>\$ 90,764</u></u>

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following purposes at June 30:

	2020	2019
Subject to expenditure for a specific purpose:		
Hope Center	\$ 28,479	\$ 29,936
Eyeglasses and exams	2,511	3,201
Winterhelp	935	--
Meals on Wheels	4,602	--
Substance abuse	9,767	--
Net assets with donor restrictions	\$ 46,294	\$ 33,137

### Note 7. Donated Facilities and Services

The Organization occupies, without charge, office space in Oldham, Henry and Trimble Counties. The estimated fair rental value of the premises is reported as support and expense in the period in which the buildings are used and totaled \$71,124 for Oldham County, \$16,320 for Henry County and \$40,000 for Trimble County for the years ended June 30, 2020 and 2019.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. The Organization estimates the value of service donated to the Organization during the years ended June 30, 2020 and 2019 was \$39,341 and \$73,201, respectively. These donated services are not included in the financial statements.

### Note 8. Retirement Plans

Certain employees of the Organization participate in the Kentucky County Employee Retirement System (CERS), which is a cost-sharing, multiple-employer defined benefit plan administered by the Kentucky Retirement System. During the year ended June 30, 2020 and 2019, salaries paid by the Organization totaling \$272,844 and \$239,991, respectively, were covered by CERS. The CERS provides for death, disability, and retirement benefits. Participating employees contribute 5% of their compensation to the CERS. The Organization contributed 24.06% and 21.48% of the covered employees' compensation for the years ended June 30, 2020 and 2019, respectively. Pension expense includes contributions of \$65,646 and \$51,550 made by the Organization for its employees for the years ended June 30, 2020 and 2019, respectively.

Vesting in retirement benefits begins immediately upon entry into CERS. The participant has fully-vested interest after the completion of sixty months of service, twelve of which are current service. At a minimum, terminated employees are refunded their contributions with credited interest of 4%.

## NOTES TO FINANCIAL STATEMENTS

### Note 8. Retirement Plans (Continued)

The pension benefits obligation is a standard disclosure measure of the present value of pension benefits, adjusted for the effect of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of the employee's service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the CERS's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits due, and make comparisons among public employee retirement systems and employers. Detailed information about the pension plan's underfunded status and the Organization's proportionate share thereof have not been included in these financial statements. Additional information can be obtained about the pension plan's fiduciary net position in the separately issued Kentucky Retirement System financial report.

Accrued expenses includes a liability for vested sick pay of \$47,759 and \$44,903 at June 30, 2020 and 2019, respectively. Employees who are fully-vested in CERS can use up to six months of sick pay towards their retirement benefits.

### Note 9. Construction in Progress

Construction in progress as of June 30, 2020 is for a restroom renovation project at the Hope Center. The total cost of the project will be approximately \$41,300, and completion is expected in March 2021.

### Note 10. Risk and Uncertainties

Local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Organization as of February 22, 2021, management believes that a material impact on the Organization's financial position and results of future operations is reasonably possible.





*Jones, Nale & Mattingly PLC*

**INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION**

Board of Directors  
Tri-County Community Action Agency, Inc.  
LaGrange, Kentucky

We have audited the financial statements of Tri-County Community Action Agency, Inc. as of and for the years ended June 30, 2020 and 2019, and have issued our report thereon dated February 22, 2021, which expressed an unmodified opinion on those financial statements and appears on pages 1-2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole.

The list of the board of directors and the statements of activities detailed on pages 16-29 are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards on page 30 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. 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 audits 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.

*Jones, Nale & Mattingly P.C.*

Louisville, Kentucky  
February 22, 2021

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**LIST OF BOARD OF DIRECTORS**  
**JUNE 30, 2020**

<u>Name</u>	<u>Address</u>
Judge Todd Polluck	Bedford, KY 40006
Mayor Joe Robinson	Bedford, KY 40006
Judge John Logan Brent	New Castle, KY 40050
Polly Troxell	Eminence, KY 40019
Wayne Theiss	LaGrange, KY 40031
Judge David Voegele	LaGrange, KY 40031
Kenneth Cottongim	Bedford, KY 40006
Rick Lucas	Westport, KY 40077
Melodye Fletcher	Campbellsburg, KY 40011
Bill Tucker	LaGrange, KY 40031
Elsie Carter	LaGrange, KY 40031
Shane Courtney	Bedford, KY 40006
Jane Proctor	Bedford, KY 40006
Charles Callahan	Milton, KY 40045
Shawn Golden	Campbellsburg, KY 40011
Darlene Taylor	Campbellsburg, KY 40011
Scott Bates	Eminence, KY 40019

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**

**COMMUNITY SERVICES BLOCK GRANT PROGRAM  
STATEMENT OF FINANCIAL PARTICIPATION**

**Year Ended June 30, 2020**

	CSBG State Funds	CSBG	Total
<u>Obligated Funds</u>			
Total Contract Ceiling	\$ 60,644	\$ 214,861	\$ 275,505
General Fund Participation	\$ 60,644	\$ --	\$ 60,644
CSBG Financial Participation	--	99,193	99,193
CARES Funding	--	15,021	15,021
Total Financial Participation/Allowable Expense	60,644	114,214	174,858
Less: Allowable Expense	(60,644)	(114,214)	(174,858)
Total Obligated Funds	\$ --	\$ --	\$ --
<u>CSBG Over/Underpayment</u>			
Total Allowable Expense	\$ 60,644	\$ 114,214	\$ 174,858
Less: Contract payments received as of June 30, 2020	(60,644)	(86,561)	(147,205)
Payment due to the Agency at June 30, 2020	--	27,653	27,653
Payment received subsequent to June 30, 2020	--	27,653	27,653
Overpayment due grantor	\$ --	\$ --	\$ --
<u>CSBG Local Match Requirement</u>			
CSBG Allowable Expense		\$ 174,858	
Funding Level Restated at 100%		\$ 174,858	
Local Match Required		\$ 39,959	
Less Local In-kind Match Provided		(39,959)	
Excess Local Match		\$ --	

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

COMMUNITY SERVICES BLOCK GRANT PROGRAM

STATEMENT OF ALLOWABLE EXPENSES

Year Ended June 30, 2020

	<u>State Funds</u>	<u>CSBG</u>	<u>Total</u>
Expenses:			
Personnel and fringes	\$ 47,552	\$ 75,979	\$ 123,531
Utilities	3,001	6,745	9,746
Equipment	58	564	622
Supplies	629	1,207	1,836
Transportation	385	32	417
Client services	86	15,295	15,381
Staff development	1,867	233	2,100
Indirect costs	6,067	13,380	19,447
Other	999	40,738	41,737
Total Expenses	<u>60,644</u>	<u>154,173</u>	<u>214,817</u>
In-kind contributions	<u>--</u>	<u>(39,959)</u>	<u>(39,959)</u>
Total Allowable CSBG Expenses	60,644	114,214	174,858
Less contract payments	<u>(60,644)</u>	<u>(86,561)</u>	<u>(147,205)</u>
Net CSBG Under Payment Reflected in the Financial Statements	<u>\$ --</u>	<u>\$ 27,653</u>	<u>\$ 27,653</u>

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

LOW INCOME HOUSING ENERGY ASSISTANCE PROGRAM (LIHEAP)

STATEMENT OF PROGRAM EXPENDITURES

CONTRACT NUMBER 736 19000003964 3: LIHEAP-022

Year Ended June 30, 2020

Expenses:		
Administrative		
Salary	\$ 19,870	
Utilities	364	
Other	<u>7,119</u>	
Total Administrative		27,353
Benefits		
Subsidy	111,778	
Crisis	<u>162,053</u>	
Total Benefits		<u>273,831</u>
Total Expenses		<u>\$ 301,184</u>
Allowable Expenses:		
Administration		\$ 27,353
Benefits		<u>273,831</u>
Total Allowable Expenses		301,184
Less: Contract payments received as of June 30, 2020		<u>(281,324)</u>
Payment due the Agency at June 30, 2020		<u>\$ 19,860</u>

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**LOW INCOME HOUSING ENERGY ASSISTANCE PROGRAM (LIHEAP)**  
**SCHEDULE OF BUDGET AND ACTUAL EXPENSES**  
**CONTRACT NUMBER 736 19000003964 3: LIHEAP-022**  
**Year Ended June 30, 2020**

**SCHEDULE OF BUDGET AND ACTUAL EXPENSES**

	Budget	Actual	Under Budget
Administrative Costs	\$ 44,156	\$ 27,353	\$ 16,803
Subsidy Benefits	279,678	111,778	167,900
Crisis Benefits	162,072	162,053	19
	\$ 485,906	\$ 301,184	\$ 184,722
<b>Total</b>	<b>\$ 485,906</b>	<b>\$ 301,184</b>	<b>\$ 184,722</b>

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC**

**TITLE III-C CONGREGATE & HOME DELIVERED MEAL SERVICES  
SCHEDULE OF PROGRAM ACTIVITIES  
Year Ended June 30, 2020**

	Contract Budget	Actual
Revenues:		
Federal Funds	\$ 96,623	\$ 157,462
State Funds	5,994	3,554
Required Match	18,109	10,246
Total Revenues	\$ 120,726	\$ 171,262

	Contract Budget	Actual Units Provided	Rate	Amount Earned
UNITS OF SERVICE				
C1 Food Service/Meal Delivery	\$ 45,796	7,428	\$ 2.36	\$ 17,530
		19,674	3.50	68,859
C2 Food Service/Meal Delivery	74,930	10,660	3.20	34,112
		4,724	3.50	16,534
Total		42,486		137,035
Eligibility Services				32,271
Total Amount Earned				\$ 169,306

Amount Earned is the lesser of:

Contract Amount	\$ 102,617
Excess Amount Allowed	58,399
	\$ 161,016
Service Provided	\$ 161,016
Amount Earned	\$ 161,016
Contract payments received as of June 30, 2020	132,251
Payment received subsequent to June 30, 2020	\$ 28,765

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC**

**TITLE III-D HEALTH PROMOTION/DISEASE PREVENTION SERVICES**

**SCHEDULE OF PROGRAM ACTIVITIES**

**CONTRACT NUMBER KIPDA-FY2020-1017 (TCCAA)**

**Year Ended June 30, 2020**

	<u>Contract Budget</u>	<u>Actual</u>
Revenue:		
Federal Funds	\$ 6,738	\$ 6,738
State Funds	<u>5,294</u>	<u>5,294</u>
Total Revenue	<u>\$ 12,032</u>	<u>\$ 12,032</u>

	<u>Funded Service</u>	<u>Federal Amount Earned</u>	<u>State Amount Earned</u>	<u>Total</u>
Funding For Each Center:				
All Locations	Bingocize	\$ 5,144	\$ 4,042	\$ 9,186
Oldham	Walk with Ease	<u>1,594</u>	<u>1,252</u>	<u>2,846</u>
Totals		<u>\$ 6,738</u>	<u>\$ 5,294</u>	<u>\$ 12,032</u>

Amount Earned is the lesser of:

Contract Amount (Federal and State Amounts) Service Provided	<u>\$ 12,032</u>
Amount Earned	\$ 12,032
Contract payments received as of June 30, 2020	<u>12,032</u>
Payment received subsequent to June 30, 2020	<u>\$ --</u>



**TRI-COUNTY COMMUNITY ACTION AGENCY, INC**

**HEMECARE PROGRAM  
SCHEDULE OF PROGRAM ACTIVITIES  
CONTRACT NUMBER KIPDA-FY2020-1017 (TCCAA)  
Year Ended June 30, 2020**

State Grantor: Commonwealth of Kentucky, Cabinet for Health Services  
 Pass-through Grantor: KIPDA  
 Program Title: Homecare Program  
 Pass-through Contract No.: CONTRACT NUMBER KIPDA-FY2020-1017 (TCCAA)  
 Period of Contract: July 1, 2019 to June 30, 2020

	<u>Contract Budget</u>	<u>Actual</u>
Revenues:		
State Funds	As Approved	\$ 187,892
Local Match	--	<u>20,877</u>
Total Revenues	<u>\$ --</u>	<u>\$ 208,769</u>

UNITS OF SERVICE	<u>Contract Budget</u>	<u>Actual Units Provided</u>	<u>Rate</u>	<u>Amount Earned</u>
Personal Care	As Approved	5,923	\$ 13.68	\$ 81,027
Chore	As Approved	105	17.00	1,785
Escort	As Approved	206	29.00	5,974
Escort (HC)	As Approved	92	23.00	2,116
Homemaking	As Approved	8,147	13.68	111,451
Respite Homemaking (HC)	As Approved	<u>469</u>	13.68	<u>6,416</u>
Total		<u>14,942</u>		208,769
Less Match				<u>(20,877)</u>
Total Amount Earned				<u>\$ 187,892</u>

Amount Earned is the lesser of:

Contract Amount	As Ordered
Service Provided	<u>\$ 187,892</u>
Amount Earned	\$ 187,892
Contract payments received as of June 30, 2020	<u>172,155</u>
Payment received subsequent to June 30, 2020	<u>\$ 15,737</u>

TRI-COUNTY COMMUNITY ACTION AGENCY, INC

HEMOCARE PROGRAM  
SCHEDULE OF PROGRAM ACTIVITIES (CONTINUED)  
CONTRACT NUMBER KIPDA-FY2020-1017 (TCCAA)  
Year Ended June 30, 2020

	<u>Amount</u>
Revenues:	
State funds	\$ 187,892
Local match	20,877
Total Revenues	<u>208,769</u>
Expenses:	
Salaries and fringes	141,049
Travel	28,966
Supplies	368
Insurance	1,900
Utilities	1,119
Postage	42
Contract/subscription	350
Other	4,050
Total Expenses	<u>177,844</u>
Total Revenues over Expenses	30,925
Indirect Expenses	<u>22,865</u>
Net Revenues over Expenses	<u>\$ 8,060</u>

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC**

**ADULT DAY CARE PROGRAM  
SCHEDULE OF PROGRAM ACTIVITIES  
CONTRACT NUMBER KIPDA-FY2020-1017 (TCCAA)  
Year Ended June 30, 2020**

State Grantor:	Commonwealth of Kentucky, Cabinet for Health Services
Pass-through Grantor:	KIPDA
Program Title:	Adult Day Care
Pass-through Contract No.	CONTRACT NUMBER KIPDA-FY2020-1017 (TCCAA)
Period of Contract:	July 1, 2019 to June 30, 2020

	<u>Contract Budget</u>	<u>Actual</u>
Revenues:		
Federal Funds	As Approved	\$ 10,934
State Funds	<u>As Approved</u>	<u>2,906</u>
Total Revenues	<u>\$           --</u>	<u>\$ 13,840</u>

UNITS OF SERVICE	<u>Contract Budget</u>	<u>Actual Units Provided</u>	<u>Rate</u>	<u>Amount Earned</u>
Adult Day (non-Alzheimer's)	As Approved	938	\$ 8.00	\$ 7,504
Alzheimer's Respite in Day Care	As Approved	788	8.00	6,304
Case Management (non-Alzheimer's)	As Approved	<u>4</u>	8.00	<u>32</u>
Total		<u>1,730</u>		
Total Amount Earned				<u>\$ 13,840</u>

Amount Earned is the lesser of:

Contract Amount	As Ordered
Service Provided	<u>\$ 13,840</u>
Amount Earned	\$ 13,840
Contract payments received as of June 30, 2020	<u>13,840</u>
Payment received subsequent to June 30, 2020	<u>\$           --</u>

TRI-COUNTY COMMUNITY ACTION AGENCY, INC

ADULT DAY CARE PROGRAM  
SCHEDULE OF PROGRAM ACTIVITIES (CONTINUED)  
CONTRACT NUMBER KIPDA-FY2020-1017 (TCCAA)  
Year Ended June 30, 2020

	<u>Amount</u>
Revenues:	
Federal funds	\$ 10,934
State funds	2,906
Local support	1,140
Private pay fees	45,598
Total Revenues	<u>60,578</u>
Expenses:	
Salaries and fringes	69,913
Supplies	1,193
Advertising	1,145
Insurance	900
Utilities	2,437
Postage	145
Contract/subscription	795
Vehicle	2,149
Miscellaneous	2,153
Total Expenses	<u>80,830</u>
Total (Expenses over Revenues)	(20,252)
Indirect Expenses	<u>9,698</u>
Net (Expenses over Revenues)	<u>\$ (29,950)</u>

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**DOE - WEATHERIZATION**  
**STATEMENT OF EXPENSES**  
**DOE WX-021**  
**Year Ended June 30, 2020**

	DOE Weatherization Assistance
Expenses:	
Administration	\$ 12,394
Materials	22,651
Program support	28,000
WX Labor	24,875
Health and Safety Materials	4,242
Health and Safety Labor	5,438
Insurance	3,995
Training	1,984
Total Expenses	\$ 103,579
Contract payments received as of June 30, 2020	83,152
Payment received subsequent to June 30, 2020	\$ 20,427

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**LIHEAP - WEATHERIZATION**  
**STATEMENT OF EXPENSES**  
**LHWX-021**  
**Year Ended June 30, 2020**

	LIHEAP Weatherization Assistance
Expenses:	
Administration	\$ 11,512
Materials	27,321
Program support	63,551
WX Labor	21,066
Health and Safety Materials	14,003
Health and Safety Labor	18,330
Insurance	3,121
Training	393
Total Expenses	\$ 159,297
 Contract payments received as of June 30, 2020	 140,341
 Payment received subsequent to June 30, 2020	 <u><u>\$ 18,956</u></u>

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Energy			
Kentucky Housing Corporation			
Weatherization Assistance for Low-Income Persons	81.042	DOE WX21-0619-02	<u>\$ 103,579</u>
U.S. Department for Health and Human Services			
Kentucky Housing Corporation			
Low-Income Home Energy Assistance Program (LIHEAP) Weatherization Assistance Program	93.568	LIHEAP LH21-0619-02.	159,297
U.S. Department for Health and Human Services			
Community Action Kentucky			
Low-Income Home Energy Assistance Program (LIHEAP)	93.568	LIHEAP-022	<u>301,184</u>
Total Number 93.568			<u>460,481</u>
U.S. Department for Health and Human Services			
Cabinet for Health and Family Services			
Community Services Block Grant Program	93.569	PON2 736 1900004189	114,214
U.S. Department for Health and Human Services			
Kentuckiana Regional Planning and Development Agency			
Title III-B Transportation Services	93.044	PON2 725 2000000214 5	120,578
Title III-B Support Services	93.044	PON2 725 2000000214 5	123,886
Title III-B Adult Day Health Care Services	93.044	PON2 725 2000000214 5	10,934
Title III-C Congregate and Home Delivered Meal Services	93.045	PON2 725 2000000214 5	<u>157,462</u>
Total Aging Cluster (93.044/93.045)			<u>412,860</u>
Title III-D Health Promotion Disease Prevention Services			
	93.043	PON2 725 2000000214 5	<u>6,738</u>
Total Department for Health and Human Services			<u>994,293</u>
U.S. Department of Homeland Security			
Emergency Food and Shelter National Board Program	97.024	3420-00	7,270
Emergency Food and Shelter National Board Program	97.024	3544-00	<u>5,950</u>
Total Number 97.024			<u>13,220</u>
Total expenditures of federal awards			<u><u>\$1,111,092</u></u>

The accompanying notes are an integral part of this schedule.

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2020**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Tri-County Community Action Agency under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Tri-County Community Action Agency, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Tri-County Community Action Agency.

Note 2. 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. Tri-County Community Action Agency has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

Note 3. Subrecipients

There were no awards passed through to subrecipients for the year ended June 30, 2020.





*Jones, Nale & Mattingly PLC*

**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  
Tri-County Community Action Agency, Inc.  
LaGrange, Kentucky

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 Tri-County Community Action Agency (the Organization), as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated February 22, 2021.

**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) 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 the Organization's internal control over financial reporting. 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 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 the Organization'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.

*Jones, Nale & Mattingly PLC*

Louisville, Kentucky  
February 22, 2021



*Jones, Nale & Mattingly PLC*

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

Board of Directors  
Tri-County Community Action Agency, Inc.  
LaGrange, Kentucky

**Report on Compliance for Each Major Federal Program**

We have audited Tri-County Community Action Agency's (the Organization) 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 Organization's major federal programs for the year ended June 30, 2020. 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.

**Management's Responsibility**

Management is responsible for compliance with the 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 Organization'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 Organization'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 Organization's compliance.

## Opinion on Each Major Federal Program

In our opinion, the Organization, 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, 2020.

## Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization'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 Organization'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 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 to 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 any 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.

*Jones, Nale & Mattingly PLC*

Louisville, Kentucky  
February 22, 2021

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2020

**Section I- Summary of Auditors' Results**

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Tri-County Community Action Agency were prepared in accordance with U.S. GAAP.
2. Internal control over financial reporting:
  - Material weakness identified?            \_\_\_ Yes X No
  - Significant deficiency identified?        \_\_\_ Yes X No
3. Noncompliance material to financial statements noted?    \_\_\_ Yes X No
4. Internal control over major programs:
  - Material weakness identified?            \_\_\_ Yes X No
  - Significant deficiency identified?        \_\_\_ Yes X No
5. The auditors' report on compliance for the major federal award programs for Tri-County Community Action Agency expresses an unmodified opinion on all major federal programs.
6. The audit did not disclose audit findings required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as a major program were:

<u>Federal CFDA Number</u>	<u>Name of Major Federal Program</u>
81.042	Department of Energy: Weatherization Assistance for Low-Income Persons
93.568	Department of Health and Human Services: Low-Income Home Energy Assistance
8. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
9. The auditee did not qualify as a low-risk auditee.

**Section II- Findings - Financial Statement Audit**

There are no findings required to be reported.

**Section III- Findings and Questioned Costs - Major Federal Award Programs Audit**

There are no findings required to be reported.