

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

**FINANCIAL REPORT**

**June 30, 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Tri-County Community Action Agency, Inc.  
South Boston, Virginia

### Report on the Financial Statements

We have audited the accompanying financial statements of Tri-County Community Action Agency, Inc. ("TCCA") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020 and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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.

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*Your Success is Our Focus*

## 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 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

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information as of and for the year ended June 30, 2020, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2021, on our consideration of TCCA'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 TCCA's internal control over financial reporting and compliance.

## Emphasis of Matter

As discussed in Note 1 to the financial statements, TCCA changed accounting policies related to presentation of the financial statement of not-for-profit entities by adopting Financial Accounting Standards Board issued Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, in 2020.

*Brown, Edwards & Company, L.L.P.*

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia  
June 28, 2021

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

**STATEMENT OF FINANCIAL POSITION**

**June 30, 2020**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 558,064
Grants receivable (Note 2)	142,583
Prepaid expenses	13,096

713,743

**PROPERTY AND EQUIPMENT, net (Note 3)**

336,937

\$ 1,050,680

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 19,920
Accrued annual leave	145,743
Accrued miscellaneous	12,609
Line of credit (Note 4)	26,130
Current portion of long-term debt (Note 5)	17,309

221,711

**LONG-TERM LIABILITIES**

Long-term debt (Note 5)	198,995
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420,706

**NET ASSETS**

Without donor restrictions	395,986
With donor restrictions (Note 9)	233,988

629,974

\$ 1,050,680

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

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

**STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Grant funds	\$ -	\$ 3,686,407	\$ 3,686,407
Interest income	1,226	-	1,226
Program and other income	60,668	-	60,668
Rent income	30,329	-	30,329
In-kind revenue	369,387	-	369,387
Net assets released from restrictions	3,686,407	(3,686,407)	-
Total support and revenue	<u>4,148,017</u>	<u>-</u>	<u>4,148,017</u>
<b>EXPENSES</b>			
Personnel	1,958,951	-	1,958,951
Fringe benefits	538,333	-	538,333
Contractual	5,347	-	5,347
Travel	15,231	-	15,231
Space	119,689	-	119,689
Telephone and postage	66,690	-	66,690
Insurance	9,437	-	9,437
Consumable supplies	77,007	-	77,007
Cost of materials	37,601	-	37,601
Food costs	87,110	-	87,110
Equipment purchase or lease	10,113	-	10,113
Other costs	429,730	-	429,730
Indirect cost	45	-	45
Interest expense	17,359	-	17,359
Depreciation expense	58,408	-	58,408
In-kind expense	369,387	-	369,387
Total expenses	<u>3,800,438</u>	<u>-</u>	<u>3,800,438</u>
Change in net assets	347,579	-	347,579
<b>NET ASSETS</b>			
Beginning	96,586	233,988	330,574
Prior period adjustment (Note 13)	(48,179)	-	(48,179)
Ending	<u>\$ 395,986</u>	<u>\$ 233,988</u>	<u>\$ 629,974</u>

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

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

**STATEMENT OF CASH FLOWS**

**Years Ended June 30, 2020**

**OPERATING ACTIVITIES**

Change in net assets	\$ 347,579
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	58,408
Decrease:	
Grants receivable	297,358
Prepaid expenses	993
Increase (decrease):	
Accounts payable	(5,506)
Accrued miscellaneous and annual leave	114,075
	<hr/>
Net cash provided by operating activities	812,907

**INVESTING ACTIVITIES**

Purchases of property and equipment	(347,332)
	<hr/>
Net cash used in investing activities	(347,332)

**FINANCING ACTIVITIES**

Net payments on line of credit	(5,667)
Principal payments on debt	(17,033)
	<hr/>
Net cash used in financing activities	(22,700)
	<hr/>
Net increase in cash and cash equivalents	442,875

**CASH AND CASH EQUIVALENTS**

Beginning	115,189
	<hr/>
Ending	\$ 558,064
	<hr/> <hr/>

**SUPPLEMENTAL DISCLOSURE OF ACCOUNTING POLICY**

Cash paid for interest	\$ 17,359
	<hr/> <hr/>

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, 2020**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
EXPENSES			
Personnel	\$ 1,469,213	\$ 489,738	\$ 1,958,951
Fringe benefits	538,333	-	538,333
Contractual	5,347	-	5,347
Travel	15,231	-	15,231
Space	114,677	5,012	119,689
Telephone and postage	63,295	3,395	66,690
Insurance	9,254	183	9,437
Consumable supplies	61,228	15,779	77,007
Cost of materials	37,601	-	37,601
Food costs	87,110	-	87,110
Equipment purchase or lease	5,628	4,485	10,113
Other costs	405,761	23,969	429,730
Indirect cost	19	26	45
Interest expense	17,359	-	17,359
Depreciation expense	58,408	-	58,408
In-kind expense	369,387	-	369,387
	<u>3,257,851</u>	<u>542,587</u>	<u>3,800,438</u>
Total expenses	<u>\$ 3,257,851</u>	<u>\$ 542,587</u>	<u>\$ 3,800,438</u>

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

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

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020**

**Note 1. Organization and Significant Accounting Policies**

Nature of organization and operations

Tri-County Community Action Agency, Inc. (“TCCA”) is a non-profit corporation organized to carry out community action programs which are generally funded by revenue from agency programs and grants from local, state, and federal agencies. Such grants usually require compliance with prescribed grant conditions and other special requirements, including the furnishing of certain amounts of cash or noncash contributions.

Basis of financial statement presentation

The financial statements of TCCA have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Cash and cash equivalents

For the purposes of reporting cash flows, TCCA considers all highly liquid investments purchased with an original maturity of three months or fewer to be cash equivalents. Cash is held in banks and insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. At times, the balances in these accounts may be in excess of insured limits.

Concentration of credit risk

Financial instruments that potentially subject TCCA to concentrations of credit risk consist of interest-bearing transaction demand deposits and grants receivable. TCCA places its interest-bearing transaction accounts with high credit quality financial institutions. Management monitors the credit rating of these financial institutions to minimize credit risk. TCCA has not experienced any losses on its cash equivalents. The agency receives revenue primarily from Federal and State Governments. Due to the above, TCCA will have a relatively low level of concentration risk of uncollected receivables.

Fixed assets

All property and equipment with a cost of \$500 or more and a useful life of more than one year are capitalized and depreciated over their useful lives for all programs except for the Head Start Program. Head Start guidelines for non-expendable property is \$5,000 per unit with a useful life of more than one year. Fixed assets are recorded at cost, if purchased, and fair market value at date of receipt, if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Building and fixtures	15 – 31.5 years
Furniture and equipment	5 – 10 years

(Continued)

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1. **Organization and Significant Accounting Policies (Continued)**

Classification of net assets

TCCA reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Net Assets without Donor Restrictions** may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Revenues, gains, and losses that are not restricted by donors are included in this classification. Expenses are reported as decreases in this classification.

**Net Assets with Donor Restrictions** are limited in use by donor-imposed stipulations that expire either by the passage of time or that can be fulfilled by action of TCCA pursuant to those stipulations. Net assets with donor restrictions also includes amounts required by donors to be held in perpetuity; however, generally, the income on these assets is available to meet various operating needs.

Transfers between funds

Transfers are made between the cost allocation plan and various grants administered by TCCA for payroll and administrative expenses.

Recording of grant revenue

TCCA recognizes support from its cost reimbursement grants as costs are incurred.

In-kind contributions and expenditures

In-kind contributions for volunteer services related to Head Start and other programs are provided by qualified volunteers and are recognized as revenues and expenses in the year rendered based upon rates established by the Department of Labor. Revenue and the related expense for donated transportation, facility use, materials and supplies are recorded at actual cost or through valuation procedures set forth as part of federal cost principles in the year received.

Income tax

TCCA is exempt from federal income taxes under the provisions of Section 501(c)(3) of the *Internal Revenue Code*; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. TCCA has determined that it does not have any material uncertain tax positions at June 30, 2020.

Allocation of expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses that are attributable to one or more program or supporting functions of the TCCA, including depreciation and amortization, are allocated based on usage.

(Continued)

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

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020**

**Note 1. Organization and Significant Accounting Policies (Continued)**

Estimates

The preparation of financial statement in conformity with GAAP 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. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates and assumptions that were used.

Net assets released from restrictions

Net assets released from restrictions is the mechanism used to decrease net assets with donor restrictions, when restrictions are met, and increase net assets without donor restriction. For report purposes, all grant revenue received with donor restrictions are shown as such regardless if the restrictions are met. If the restrictions are met during the audit period, net assets released from restrictions is decreased for net assets with donor restriction and net assets without donor restriction is increased.

Recently Issued Accounting Standards

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The statement aims to improve nonprofit financial statements in an effort to provide more useful information to donors, grantors, creditors, and other users. Major components of this standard include changes to net assets classifications, disclosures regarding liquidity and availability of resources, and improved expense reporting. Net assets classifications will be reduced from three classes (unrestricted, temporarily restricted, and permanently restricted) to two, net assets with donor restrictions and net assets without donor restrictions. Updated disclosure requirements will be presented regarding liquidity and availability of resources for short-term use. Expenses will be reported by their natural and functional classification to aid in the usefulness of financial statements. This standard is effective for years beginning after December 15, 2017. TCCA has adopted ASU 2016-14 for the year ended December 31, 2020. There was no impact on total net assets as a result of the adoption of ASU 2016-14.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. TCCA adopted this guidance effective July 1, 2019. The adoption of ASU 2018-08 did not result in any significant changes to the accounting for any of TCCA's material revenue streams.

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TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**Note 1. Organization and Significant Accounting Policies (Continued)**

Pending pronouncements

The FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers; particularly, that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods and services. In May 2020, the FASB voted to extend the effective date of ASU 2014-09, as a result the standard is effective for fiscal year 2021.

Subsequent events

Management has evaluated subsequent events through June 28, 2021, the date which the financial statements are available for issue, and determined that there are no subsequent events requiring disclosure.

**Note 2. Grants Receivable**

Grants receivable consists of the following:

TANF	\$	61,429
CSBG Supplemental		37,508
Healthy Family-MIECHV		17,639
Healthy Family-DSS		11,095
Domestic Violence Program		8,082
VA Homeless Solutions		6,480
Other		350
		<hr/>
	\$	142,583
		<hr/> <hr/>

The balance of Grants receivable and Accounts receivable at July 1, 2019 totaled \$408,216 and \$31,725, respectfully.

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

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2020**

**Note 3. Property and Equipment**

Major classes of property and equipment consist of the following:

Land	\$ 59,826
Building	488,045
Furniture and equipment	<u>617,950</u>
	1,165,821
Less accumulated depreciation	<u>(828,884)</u>
	<u><u>\$ 336,937</u></u>

**Note 4. Line of Credit**

TCCA has a \$33,500 line of credit with Wells Fargo. Interest is payable at 10% and is secured by TCCA's assets.

**Note 5. Long-Term Debt**

TCCA's debt consist of a 6% note payable to Farmers Home Administration, dated January 26, 1990. Monthly payments of \$2,524 of principal and interest are due through January 26, 2030.

Secured by deed of trust on office building located in South Boston, Virginia.	\$ 216,304
Less current portion	<u>(17,309)</u>
Total long-term debt	<u><u>\$ 198,995</u></u>

Estimated future principal payments for the years ended June 30 are as follows:

2021	\$ 17,309
2022	18,348
2023	19,449
2024	20,616
2025	21,853
Thereafter	<u>118,729</u>
	<u><u>\$ 216,304</u></u>

(Continued)

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

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020**

**Note 5. Long-Term Debt (Continued)**

TCCA must also maintain a balance equal to 10% of the monthly debt payment of \$2,524, which is accumulated as a debt service reserve. The debt service reserve requirement will continue until a sum equal to one annual installment of \$30,288 is reached. The total monthly payment plus the debt service reserve requirement is \$2,766. At June 30, 2020, TCCA had a cash balance of \$30,288, specifically held to meet the debt service reserve. These funds are included in cash and cash equivalents.

**Note 6. Depreciation and Space Use Allowance**

TCCA charges each program for use of office space based on its pro rata share of square footage used. The square footage rate is based on the fair market of the rental space. Federal programs may not be charged with space cost in excess of the depreciation expense allowed for the year. The total amount of rental income received was \$30,929 for the year ended June 30, 2020.

**Note 7. Retirement Plan**

The retirement plan is a defined contribution pension plan under Section 401(k) of the *Internal Revenue Service Code*. TCCA matches 100% of employees' contributions up to 6%. Employees have no minimum contribution rate. All full-time employees are eligible to participate in the 401k plan, the first of the month following 30 days of employment. Contributions to the plan by TCCA and the employees are paid to a trustee, The Principal Insurance Company.

TCCA's contribution on behalf of its employees amounted to \$41,176 for the year ended June 30, 2020. This is reflected under the cost category of "fringe benefits".

**Note 8. Liquidity and Availability**

Financial assets were available for general expenditure without donor or other restrictions limiting their use, within one year of the balance sheet date, are comprised of the following:

Cash and cash equivalents	\$ 558,064
Grants accounts receivable	<u>142,583</u>
Total financial assets available to meet general expenditures within one year	<u><u>\$ 700,647</u></u>

As a part of TCCA'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.

Additionally, TCCA maintains a committed line of credit up to a limit of \$33,500 upon which it could draw. At June 30, 2020, the balance outstanding totaled \$26,130.

(Continued)

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

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020**

**Note 9. Net Assets**

Net assets are primarily unexpended funds. Under terms of the grant awards, grantors retain the right to require unexpended funds to be returned to the granting agency, unless prior approval is obtained for subsequent expending by TCCA.

**Note 10. Related Party Transactions**

TCCA and Halifax County Community Federal Credit Union (CU) are related parties. The nature of the relationship is that some of TCCA's employees provide administrative functions for the CU and the organizations share office space. TCCA is also the sponsoring agency for the CU. TCCA has deposits totaling \$67,123 in the CU as of June 30, 2020.

TCCA, Halifax, Mecklenburg, and Charlotte Counties are related parties. The nature of the relationship is that five board members of TCCA are also members of the Board of Supervisors of the above localities. TCCA received unrestricted grant funds in the amount of \$50,766, \$55,000, and \$18,750 from Halifax, Mecklenburg, and Charlotte Counties, respectively. None of the above board members has any personal interest from relationships with TCCA.

**Note 11. Contingent Liabilities**

Federal programs in which the agency participates were audited in accordance with provisions of the Title 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to the provisions of this CFR all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by the audit, the federal government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

**Note 12. Economic Dependency**

TCCA received over 80% of its support from federal, state, and local governments. Should these sources of funding fail to materialize or be discontinued, there would be substantial doubt about the ability of TCCA to continue its services.

**Note 13. Prior Period Adjustment**

The prior period adjustment relates to the correct closing of the Certificate of Deposit and to bring the book value of fixed assets to actual. Had these transactions been recorded properly in the prior period, net assets would have increased by \$48,179.

(Continued)

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

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020**

**Note 14. COVID-19**

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this financial report. As such, it is uncertain as to the full magnitude that the pandemic will have on TCCA’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, workforce, suppliers, and consumer behavior.

Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, TCCA is not able to estimate the effects of the COVID-19 outbreak on its financial condition, liquidity, or results of operations for fiscal year 2021.

In an effort to mitigate the potential impact TCCA may experience as a result of the COVID-19 outbreak, and in order to ensure its continued ability to pay employees, TCCA applied for and received \$65,558 in loan assistance through the Paycheck Protection Program (PPP) administered by the United States Small Business Administration (SBA) as part of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). At the time of issuance of the financial statements, notice of forgiveness had been received from the lender. All documentation supporting program compliance has been made available for the financial statement audit. For the year ended June 30, 2020, TCCA recorded \$65,558 of the PPP funds as COVID-19 relief funding with donor restrictions with a corresponding release from restriction to revenue without donor restrictions on the statement of activities.

**SUPPLEMENTARY INFORMATION**

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	Federal Expenditures
Department of Health and Human Services (DHHS)			
Direct program			
Head Start	93.600	03CH011074-02	\$ 1,780,756
Pass-through:			
Virginia Department of Social Services:			
Community Services Block Grant	93.569	CVS-19-063-27	227,710
Temporary Assistance for Needy Families	93.558	CVS-19-063-27	136,250
Domestic Violence Grant	93.000	CVS-19-057-A-45	149,939
Healthy Family-MIECHV	93.870	705BJ632569	121,783
Virginia Department of Housing and Community Development			
Low Income Home Energy Assistance Program (LIHEAP)	93.568	19-LI-10	<u>139,916</u>
Total Department of Health and Human Services (DHHS)			2,556,354
U.S. Department of Justice			
Pass-through:			
Virginia Department of Criminal Justice Services –			
Crime Victim Assistance (Domestic Violence & Sexual Assault)	16.575	20-A3437VP18	<u>6,289</u>
Total Department of Justice			6,289
U.S. Department of Agriculture			
Pass-through:			
Virginia Department of Health			
USDA Reimbursement (Child Care Food Program)	10.558	58710	<u>79,998</u>
Total U.S. Department of Agriculture			79,998
U.S. Department of Energy			
Pass-through:			
Virginia Department of Housing and Community Development			
Weatherization Assistance for Low-Income Persons	81.042	19-WX-10	<u>65,583</u>
Total U.S. Department of Energy			65,583
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 2,708,224</u></b>

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**June 30, 2020**

**Note A. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the Federal award activity of Tri-County Community Action Agency, Inc. ("TCCA") 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 (CFR)* 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 operation of TCCA, it is not intended to, and does not present, the financial position, changes in net assets, or cash flows of TCCA.

**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.

TCCA has a loan with USDA which in prior years required certain compliance issues be met. TCCA has met all compliance requirements on this loan and there are no continuing compliance requirements.

**Note C. Indirect Cost Rate**

TCCA has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS –  
DEPARTMENT OF HEALTH AND HUMAN SERVICES –  
HEAD START  
Year Ended June 30, 2020**

	<b>For the Six Months Ended December 31, 2019</b>		
	<b>Part Day/ Disabled</b>	<b>Training</b>	<b>Total (Memo Only)</b>
<b>SUPPORT AND REVENUE</b>			
Grant funds	\$ 933,952	\$ -	\$ 933,952
Contributions and miscellaneous income	300	-	300
In-kind revenue	113,085	-	113,085
Total support and revenue	1,047,337	-	1,047,337
<b>EXPENSES</b>			
Personnel	404,565	-	404,565
Fringe benefits	121,312	-	121,312
Contractual	4,146	-	4,146
Travel	30,578	-	30,578
Space	29,454	-	29,454
Telephone and postage	19,388	-	19,388
Classroom supplies	35,992	-	35,992
Insurance	867	-	867
Consumable supplies	14,805	-	14,805
Food costs	11,282	-	11,282
Equipment purchase or lease	169,018	-	169,018
Other direct costs	10,547	-	10,547
Indirect cost	84,134	-	84,134
In-kind expense	113,085	-	113,085
Total expenses	1,049,173	-	1,049,173
Changes in net assets	(1,836)	-	(1,836)
<b>NET ASSETS</b>			
Beginning	45,416	-	45,416
Ending	\$ 43,580	\$ -	\$ 43,580

**SCHEDULE 2**

**For the Six Months Ended  
June 30, 2020**

<b>Part Day/ Disabled</b>	<b>Training</b>	<b>Six Month Total</b>	<b>Total (Memo Only)</b>
\$ 697,225	\$ -	\$ 697,225	\$ 1,631,177
-	-	-	300
50,066	-	50,066	163,151
<u>747,291</u>	<u>-</u>	<u>747,291</u>	<u>1,794,628</u>
403,973	-	403,973	808,538
152,759	-	152,759	274,071
-	-	-	4,146
17,036	-	17,036	47,614
19,131	-	19,131	48,585
8,416	-	8,416	27,804
1,177	-	1,177	37,169
-	-	-	867
7,549	-	7,549	22,354
3,168	-	3,168	14,450
-	-	-	169,018
6,352	-	6,352	16,899
61,956	-	61,956	146,090
50,066	-	50,066	163,151
<u>731,583</u>	<u>-</u>	<u>731,583</u>	<u>1,780,756</u>
15,708	-	15,708	13,872
(41,341)	-	(41,341)	4,075
<u>\$ (25,633)</u>	<u>\$ -</u>	<u>\$ (25,633)</u>	<u>\$ 17,947</u>

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS –  
CHILD CARE FOOD PROGRAM (USDA)  
Years Ended June 30, 2020 and 2019

	For the Grant Year September 30,		Total (Memo Only)
	2020	2019	
<b>SUPPORT AND REVENUE</b>			
Grant funds	\$ 72,352	\$ 7,646	\$ 79,998
Total support and revenue	72,352	7,646	79,998
<b>EXPENSES</b>			
Personnel	7,180	1,788	8,968
Fringe benefits	1,305	310	1,615
Food costs	63,740	14,280	78,020
Other cost	-	653	653
Total expenses	72,225	17,031	89,256
Changes in net assets	127	(9,385)	(9,258)
<b>NET ASSETS</b>			
Beginning	(16,470)	(7,085)	(23,555)
Ending	\$ (16,343)	\$ (16,470)	\$ (32,813)

## TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS –  
VIRGINIA DEPARTMENT OF SOCIAL SERVICES  
Year Ended June 30, 2020**

	<b>CSBG Basic Grant</b>	<b>CSBG TANF</b>	<b>Total (Memo Only)</b>
<b>SUPPORT AND REVENUE</b>			
Grant funds	\$ 227,710	\$ 136,250	\$ 363,960
In-kind revenue	27,500	39,928	67,428
Total support and revenue	<u>255,210</u>	<u>176,178</u>	<u>431,388</u>
<b>EXPENSES</b>			
Personnel	121,977	77,517	199,494
Fringe benefits	42,687	20,189	62,876
Contractual	-	5,000	5,000
Travel	5,435	-	5,435
Space	7,608	2,416	10,024
Telephone and postage	1,061	219	1,280
Consumable supplies	5,445	1,757	7,202
Equipment purchase or lease	6,576	-	6,576
Other direct cost	11,644	16,999	28,643
Indirect cost	20,642	12,152	32,794
In-kind expenses	27,500	39,928	67,428
Total expenses	<u>250,575</u>	<u>176,177</u>	<u>426,752</u>
Changes in net assets	4,635	1	4,636
<b>NET ASSETS</b>			
Beginning	<u>5,803</u>	<u>3,542</u>	<u>9,345</u>
Ending	<u>\$ 10,438</u>	<u>\$ 3,543</u>	<u>\$ 13,981</u>

**SCHEDULE 5**

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

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS –  
VIRGINIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT GRANTS –  
WEATHERIZATION GRANTS  
Year Ended June 30, 2020**

SUPPORT AND REVENUE	
Grant funds	\$ 65,583
Contributions and miscellaneous income	500
	<hr/>
Total support and revenue	66,083
	<hr/>
EXPENSES	
Personnel	41,565
Fringe benefits	18,121
Contractual	1,000
Travel	911
Space	4,219
Insurance	2,500
Cost of materials	6,162
Consumable supplies	647
Equipment purchase or lease	729
Other direct costs	2,116
Indirect cost	6,404
	<hr/>
Total expenses	84,374
	<hr/>
Changes in net assets	(18,291)
NET ASSETS	
Beginning	(16,270)
	<hr/>
Ending	\$ (34,561)
	<hr/> <hr/>

## TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS –  
VIRGINIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT GRANTS –  
LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP)  
Years Ended June 30, 2020 and 2019**

	For the Grant Year September 30,		Total (Memo Only)
	2020	2019	
<b>SUPPORT AND REVENUE</b>			
Grant funds	\$ 124,444	\$ 15,472	\$ 139,916
Total support and revenue	<u>124,444</u>	<u>15,472</u>	<u>139,916</u>
<b>EXPENSES</b>			
Personnel	146,662	9,150	155,812
Fringe benefits	54,200	2,432	56,632
Travel	3,718	3,506	7,224
Space	10,953	52	11,005
Telephone	5,188	893	6,081
Consumable supplies	1,461	3	1,464
Cost of materials	24,519	3,493	28,012
Equipment purchase or lease	-	1,457	1,457
Other direct costs	6,587	176	6,763
Indirect cost	23,786	592	24,378
Total expenses	<u>277,074</u>	<u>21,754</u>	<u>298,828</u>
Changes in net assets	(152,630)	(6,282)	(158,912)
<b>NET ASSETS</b>			
Beginning	<u>(6,282)</u>	<u>-</u>	<u>(6,282)</u>
Ending	<u>\$ (158,912)</u>	<u>\$ (6,282)</u>	<u>\$ (165,194)</u>

## TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS –  
HEALTHY FAMILIES GRANTS  
Years Ended June 30, 2020 and 2019**

	<b>2020 MIECHV Grant</b>	<b>2019 MIECHV Grant</b>	<b>DSS Grant</b>	<b>Total (Memo Only)</b>
<b>SUPPORT AND REVENUE</b>				
Grant funds	\$ 100,299	\$ 21,484	\$ 98,152	\$ 219,935
In-kind revenue	11,458	-	22,088	33,546
Total support and revenue	<u>111,757</u>	<u>21,484</u>	<u>120,240</u>	<u>253,481</u>
<b>EXPENSES</b>				
Personnel	59,153	15,195	57,301	131,649
Fringe benefits	18,182	4,381	18,849	41,412
Contractual	866	825	-	1,691
Travel	2,574	653	168	3,395
Space	4,871	1,310	4,443	10,624
Telephone	3,690	975	749	5,414
Consumable supplies	6,831	360	644	7,835
Other cost	1,912	1,645	7,078	10,635
Indirect cost	9,286	-	8,922	18,208
In-kind expenses	11,458	-	22,004	33,462
Total expenses	<u>118,823</u>	<u>25,344</u>	<u>120,158</u>	<u>264,325</u>
Changes in net assets	(7,066)	(3,860)	82	(10,844)
<b>NET ASSETS</b>				
Beginning	<u>(3,860)</u>	<u>-</u>	<u>-</u>	<u>(3,860)</u>
Ending	<u>\$ (10,926)</u>	<u>\$ (3,860)</u>	<u>\$ 82</u>	<u>\$ (14,704)</u>

**SCHEDULE 8**

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

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS –  
DEPARTMENT OF CRIMINAL JUSTICE SERVICES  
Year Ended June 30, 2020**

SUPPORT AND REVENUE	
Grant funds	\$ 280,040
In-kind revenue	34,855
	<hr/>
Total support and revenue	314,895
	<hr/>
EXPENSES	
Personnel	130,979
Fringe benefits	44,612
Contractual	400
Travel	4,000
Space	14,736
Telephone	8,096
Insurance	2,060
Consumable supplies	4,011
Equipment purchase or lease	38,000
Other cost	11,626
Indirect cost	21,520
In-kind expense	34,855
	<hr/>
Total expenses	314,895
	<hr/>
Changes in net assets	-
NET ASSETS	
Beginning	13,198
	<hr/>
Ending	\$ 13,198
	<hr/> <hr/>

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS –  
 VIRGINIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT GRANTS –  
 INDOOR PLUMBING REHABILITATION LOAN PROGRAM  
 Year Ended June 30, 2020

SUPPORT AND REVENUE	
Contributions and miscellaneous	\$ 10,706
	<hr/>
Total support and revenue	10,706
	<hr/>
EXPENSES	
Contractual	-
Space	-
Insurance	-
Other direct cost	1,897
	<hr/>
Total expenses	1,897
	<hr/>
Changes in net assets	8,809
NET ASSETS	
Beginning	16,632
	<hr/>
Ending	\$ 25,441
	<hr/> <hr/>

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

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS –  
OTHER PROGRAMS  
Year Ended June 30, 2020**

	<b>Agency Fund Unrestricted</b>	<b>Emergency Home Repair</b>	<b>Energy Share Grant</b>	<b>Child Care Wrap Around</b>	<b>Domestic Violence Program</b>
<b>SUPPORT AND REVENUE</b>					
Grant funds	\$ 130,154	\$ 10,757	\$ 3,000	\$ -	\$ 149,939
Interest income	1,107	-	-	-	-
Contributions and miscellaneous income	103,192	-	-	-	-
Rent income	30,329	-	-	-	-
In-kind revenue	-	-	-	-	40,310
	<u>264,782</u>	<u>10,757</u>	<u>3,000</u>	<u>-</u>	<u>190,249</u>
<b>EXPENSES</b>					
Personnel	-	-	-	-	96,070
Fringe benefits	-	-	-	-	20,182
Travel	600	-	411	-	2,002
Space	-	-	-	-	5,151
Telephone	274	-	139	-	2,388
Insurance	2,979	-	-	-	-
Consumable supplies	3,198	-	354	-	5,310
Other cost	50,717	10,757	1,150	-	5,266
Indirect cost	-	-	-	-	13,631
Interest expense	17,359	-	-	-	-
In-kind expense	-	-	-	-	38,657
Depreciation expense	58,408	-	-	-	-
	<u>133,535</u>	<u>10,757</u>	<u>2,054</u>	<u>-</u>	<u>188,657</u>
Total expenses	<u>133,535</u>	<u>10,757</u>	<u>2,054</u>	<u>-</u>	<u>188,657</u>
Changes in net assets	131,247	-	946	-	1,592
<b>NET ASSETS</b>					
Beginning	<u>127,568</u>	<u>30</u>	<u>5,248</u>	<u>39,532</u>	<u>(3,138)</u>
Ending	<u>\$ 258,815</u>	<u>\$ 30</u>	<u>\$ 6,194</u>	<u>\$ 39,532</u>	<u>\$ (1,546)</u>

<b>Homeless Grant</b>	<b>First Time Home Buyers</b>	<b>TMDL Grant</b>	<b>Private Jobs</b>	<b>EITC Grant</b>	<b>Mentor/Role Model</b>	<b>Sexual Assault</b>	<b>Total (Memo Only)</b>
\$ 118,805	\$ -	\$ -	\$ 35,095	\$ 7,000	\$ 10,705	\$ 11,280	\$ 476,734
-	119	-	-	-	-	-	1,226
-	-	-	-	-	13,823	-	117,015
-	-	-	-	-	-	-	30,329
30,098	-	-	-	-	-	-	70,408
<b>148,903</b>	<b>119</b>	<b>-</b>	<b>35,095</b>	<b>7,000</b>	<b>24,528</b>	<b>11,280</b>	<b>695,713</b>
39,952	-	-	845	-	32	-	136,899
12,839	-	-	6,032	374	-	-	39,427
21	-	-	154	250	11	1,405	4,854
8,009	-	-	192	1,132	-	-	14,484
361	-	-	367	660	299	-	4,488
-	-	-	1,030	-	-	-	4,009
1,022	-	-	9	319	1,925	1,444	13,580
62,550	3,097	-	26,521	2,221	5,350	2,871	170,500
-	-	-	-	-	-	569	14,200
-	-	-	-	-	-	-	17,359
30,099	-	-	-	-	-	-	68,756
-	-	-	-	-	-	-	58,408
<b>154,853</b>	<b>3,097</b>	<b>-</b>	<b>35,150</b>	<b>4,956</b>	<b>7,617</b>	<b>6,289</b>	<b>546,964</b>
(5,950)	(2,978)	-	(55)	2,044	16,911	4,991	148,748
8,654	78,787	(1,791)	(353)	328	2,451	7,789	265,105
<b>\$ 2,704</b>	<b>\$ 75,809</b>	<b>\$ (1,791)</b>	<b>\$ (408)</b>	<b>\$ 2,372</b>	<b>\$ 19,362</b>	<b>\$ 12,780</b>	<b>\$ 413,853</b>

**COMPLIANCE SECTION**



**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**

To the Board of Directors  
Tri-County Community Action Agency, Inc.  
South Boston, Virginia

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, Inc. (“TCCA”) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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 June 28, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered TCCA’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 TCCA’s internal control. Accordingly, we do not express an opinion on the effectiveness of TCCA’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 TCCA’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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether TCCA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **TCCA's Response to Findings**

TCCA's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. TCCA's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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 TCCA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TCCA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Brown, Edwards & Company, S. L. P.*

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia  
June 28, 2021



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

To the Board of Directors  
Tri-County Community Action Agency, Inc.  
South Boston, Virginia

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

We have audited the Tri-County Community Action Agency, Inc.’s (“TCCA”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on TCCA’s major federal programs for the year ended June 30, 2020. TCCA’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, 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 TCCA’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 (CFR) 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 TCCA’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 TCCA’s compliance.

*Opinion on Each Major Federal Program*

In our opinion, the Tri-County Community Action Agency, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2020.

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*Your Success is Our Focus*

### **Report on Internal Control over Compliance**

Management of TCCA 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 TCCA'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 TCCA'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 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 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.



CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia  
June 28, 2021

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2020**

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **One material weakness** relating to the audit of the financial statements was 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*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies** relating to the audit of the major federal award program 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.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings relative to the major programs**.
7. The programs tested as major programs included:

93.600	Head Start
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8. The **threshold** for distinguishing Types A and B programs was **\$750,000**.
9. TCCA was determined not to be a **low-risk auditee**.

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

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

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

**#2020-001: Financial Reporting (Material Weakness)**

***Condition:***

A significant number of audit adjustments to the financial reports available were necessary to bring the financial statements into compliance with generally accepted accounting principles.

***Criteria:***

The adjustments to the financial reports related to improper accrual or recording of cash, accounts/grants receivable, accounts payable/accrued expenses and revenue.

***Cause:***

This was caused by a lack of properly recording and/or reconciling and adjusting of certain account balances.

***Effect:***

Many balances at year end were incorrectly stated.

***Recommendation:***

Accounting and reporting procedures should be formulated to ensure all asset, liability and revenue and expense accounts are recorded in the general ledger clearly and accurately. All balances should be reconciled regularly and reviewed by the appropriate level of management, especially at year end, to ensure accurate financial reporting. All activities should be evaluated beyond transactional processing and also focus on the financial reporting implications of those activities.

***Management Response:***

Management acknowledges that procedures should be in place to ensure all account balances are properly stated. To assist in these efforts, management has selected a new accounting system and has begun the process of implementing and testing the new system in fiscal year 2020. In addition, management will continue developing and establishing the necessary procedures and processes to ensure all balances are properly stated.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT**

None.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2020**

**A. MAJOR FEDERAL AWARD PROGRAM AUDIT**

**#2019-001: Quarterly reports not being submitted on time (Head Start. 96.600).**

***Condition:***

Quarterly and semi-annual 425 reports are not being submitted timely to the funding source.

***Recommendation:***

We recommend that the agency follow its established policy of filing form 425 within the time frames established by the funding source.

***Current Status:***

Condition corrected in the current year.

**#2017-005: Accounting Policy and Procedures Manual not updated to reflect changes in 2 CFR 200, Subparts D and E relating to post federal award requirements and cost principles as applicable (All Federal Award Programs).**

***Condition:***

TCCAA has not updated its Accounting Policy and Procedures Manual to reflect required changes in 2 CFR 200, Subparts D and E (2 CFR sections 200.300 and 200.400) relating to post federal award requirements and costs principles as applicable.

***Recommendation:***

We recommend that the agency update its accounting policy and procedures manual to reflect the required changes required by 2 CFR 200.

***Current Status:***

Condition corrected in the current year.