

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
**(WITH INDEPENDENT AUDITORS' REPORT)**

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

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# N. Wesley Pughsley, Jr. and Associates, CPA

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Member: American Institute of CPA's

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Tri-County Community Action Agency, Inc.

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Tri-County Community Action Agency, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tri-County Community Action Agency, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tri-County Community Action Agency, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Tri-County Community Action Agency, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Tri-County Community Action Agency, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tri-County Community Action Agency, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and the statement of activities by grant, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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 February 28, 2023, on our consideration of Tri-County Community Action Agency, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Tri-County Community Action Agency, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tri-County Community Action Agency, Inc.'s internal control over financial reporting and compliance.

  
N. Wesley Pughley Jr. and Associates, CPA

Roanoke, Virginia

February 28, 2023

TRI-COUNTY COMMUNITY ACTION AGENCY, INC.  
Statement of Financial Position  
As of June 30, 2022

**Assets**

Current Assets

Cash in Bank	\$	323,702
Grants receivable		200,972
Prepaid expense		<u>39,143</u>
<b>Total Current Assets</b>		<u><b>563,817</b></u>

Property and Equipment

Property and Equipment		1,157,359
Less Accumulated Depreciation		<u>(929,106)</u>
<b>Net Property and Equipment</b>		<u><b>228,253</b></u>

Non Current Assets

MRMP Investment		2,911
Fidelity Trading Securities		<u>1,491,188</u>
<b>Total Non Current Assets</b>		<u><b>1,494,099</b></u>
<b>Total Assets</b>	<b>\$</b>	<u><b>2,286,169</b></u>

**Liabilities and Net Assets**

Current Liabilities

Accounts payable	\$	139,736
Accrued annual and sick leave		123,712
Line of credit		5,000
Current portion of debt		<u>19,976</u>
<b>Total Current Liabilities</b>		<u><b>288,424</b></u>

Long-Term Liabilities

Long Term Debt		<u>159,226</u>
<b>Total Long-Term Liabilities</b>		<u><b>159,226</b></u>
<b>Total Liabilities</b>		<u><b>447,650</b></u>

Net Assets

Without donor restrictions		239,929
With donor restrictions		<u>1,598,590</u>
<b>Total Net Assets</b>		<u><b>1,838,519</b></u>
<b>Total Liabilities and Net Assets</b>	<b>\$</b>	<u><b>2,286,169</b></u>

See accompanying Audit Report and notes to financial statements

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

**STATEMENT OF ACTIVITIES  
AND CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL (MEMO ONLY)</u>
<b>SUPPORT AND REVENUE</b>			
Grant funds	\$ 134,516	3,109,912	3,244,428
Interest income	7,002	-	7,002
Rental income	-	4,260	4,260
Contributions	37,728	2,469,209	2,506,937
Program income	-	75,036	75,036
In-kind revenue	-	243,847	243,847
Unrealized gains (loss) on investments		(970,775)	(970,775)
Net assets released from restrictions	<u>3,634,403</u>	<u>(3,634,403)</u>	<u>-</u>
<b>Total support and revenue</b>	<u>3,813,649</u>	<u>1,297,086</u>	<u>5,110,735</u>
<b>EXPENDITURES</b>			
Personnel	1,486,136	-	1,486,136
Fringe Benefits	662,721	-	662,721
Contractual	37,472	-	37,472
Space	122,624	-	122,624
Telephone	60,261	-	60,261
Vehicle maintenance	55,358	-	55,358
Insurance	21,612	-	21,612
Consumable supplies	52,612	-	52,612
Cost of materials	96,187	-	96,187
Food cost	88,776	-	88,776
Rental or purchase of equipment	107,347	-	107,347
Client Assistance	224,137	-	224,137
Other direct cost	224,756	-	224,756
Interest expense	13,454	-	13,454
Indirect costs	261,843	-	261,843
Depreciation expense	71,057	-	71,057
In-kind expense	<u>243,844</u>	<u>-</u>	<u>243,844</u>
<b>Total expenditures</b>	<u>3,830,197</u>	<u>-</u>	<u>3,830,197</u>
<b>Changes in net assets</b>	<u>(16,548)</u>	<u>1,297,086</u>	<u>1,280,538</u>
<b>Net assets, beginning</b>	<u>256,477</u>	<u>301,504</u>	<u>557,981</u>
<b>Net asset, ending</b>	<u>\$ 239,929</u>	<u>1,598,590</u>	<u>1,838,519</u>

See accompanying Audit Report and notes to financial statements

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED June 30, 2022**  
**CASH FLOWS FROM OPERATING ACTIVITIES**

Changes in Net Assets	\$ 1,280,538
Adjustments to reconcile Net Income (Loss) to net cash provided by operating activities	
Depreciation	71,057
Unrealized gains (loss) on investments	970,775
<b>Decrease (Increase) in Assets:</b>	
Grants receivable	404,551
Prepaid expense	(862)
<b>Increase (Decrease) in Liabilities:</b>	
Accounts Payable	28,291
Line of credit	
Accrued annual leave	<u>(41,467)</u>
Total Adjustments	<u>390,513</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>2,712,883</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Stock contributions	<u>(2,464,874)</u>
<b>Net Cash Provided By (Used In) Investing Activities</b>	<u>(2,464,874)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Principle payments on debt	(19,362)
Net payments on line of credit	<u>(19,550)</u>
<b>Net Cash Provided By (Used In) Financing Activities</b>	<u>(38,912)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>209,097</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<u>114,605</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><u>\$ 323,702</u></u>

See accompanying Audit Report notes to financial statements

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED June 30, 2022**

Supplemental Cash Flow Information

Cash paid for interest during the year ended June 30, 2022 was \$13,454.

For purposes of the Statement of Cash Flows, TCCAA considers all cash on hand, checking, savings and certificate of deposit accounts to be cash or cash equivalents.

Noncash Activities

For the year ended June 30, 2022, TIA had depreciation expense in the amount of \$71,057

See accompanying Audit Report notes to financial statements



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

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2022**

								PROGRAM
<b>MANAGEMENT</b>			LIHEAP\					HEALTHY
<b>AND</b>	HEAD	CSBG	WEATHERIZATION	DOMESTIC	VIRGINIA	USDA		FAMILIES
<b>GENERAL</b>	<b>START</b>	<b>GRANTS</b>	<b>GRANTS</b>	<b>VIOLENCE</b>	<b>GRANTS</b>	<b>PROGRAM</b>		<b>GRANTS</b>
<b>EXPENDITURES</b>								
Personnel	104,061	615,302	168,441	99,244	93,350	21,251	2,741	71,234
Fringe Benefits	28,077	310,198	69,110	51,035	22,758	11,719	314	25,691
Contractual	17,464	634	518	6,250	1,036	-	-	-
Space	22,012	24,810	11,236	11,200	6,229	7,885	-	8,765
Telephone	4,562	22,723	1,497	5,649	1,991	2,291	-	5,444
Vehicle maintenance	-	41,778	-	5,319	374	89	274	144
Insurance	3,513	8,352	-	5,072	-	-	-	-
Consumable supplies	3,770	27,449	1,130	7,355	2,044	21	-	1,435
Cost of materials	-	4,233	-	36,615	-	40	-	156
Food cost	-	644	-	-	-	-	82,241	-
Rental or purchase of equipment	350	4,242	1,344	79,326	-	-	-	10,056
Client Assistance	-	40	962	-	9,463	39,405	-	-
Other direct cost	20,249	42,028	8,968	22,890	2,211	4,130	68	21,752
Interest expense	-	-	-	-	-	-	-	-
Indirect costs	-	125,358	44,095	24,584	13,914	-	-	12,862
Depreciation expense	-	-	-	-	-	-	-	-
In-kind expense	-	133,189	26,616	-	-	37,956	-	41,288
<b>Total expenditures</b>	<b>\$ 204,058</b>	<b>\$ 1,360,980</b>	<b>\$ 333,917</b>	<b>354,539</b>	<b>\$ 153,370</b>	<b>\$ 124,787</b>	<b>\$ 85,638</b>	<b>\$ 198,827</b>

See accompanying Audit Report and notes to financial statements

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

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2022**

EXPENSES -----									
	EMERGENCY	ENERGY	DEPARTMENT	VOLUNTEER		WESTSIDE	TCCAA		TOTAL
<u>TANF</u>	<u>HOME</u>	<u>SHARE</u>	<u>OF CRIMINAL</u>	<u>INCOME TAX</u>	<u>CHERP</u>	<u>HOUSING</u>	<u>LOCAL</u>	<u>OTHER</u>	<u>(MEMO</u>
<u>GRANTS</u>	<u>REPAIR</u>	<u>PROGRAM</u>	<u>JUSTICE</u>	<u>PROGRAM</u>	<u>GRANT</u>	<u>PROJECT</u>	<u>INITIATIVE</u>	<u>PROGRAMS</u>	<u>ONLY)</u>
59,404	13,836	-	94,202	3,413	6,803	9,553	33,965	89,335	1,486,135
25,119	6,611	-	47,556	304	3,899	2,729	13,802	43,801	662,723
-	-	-	1,036	-	-	-	10,053	481	37,472
8	-	434	13,891	1,336	403	128	8,628	5,660	122,625
237	-	1,286	11,574	117	413	226	246	2,004	60,260
(213)	313	970	1,114	-	-	-	603	4,591	55,356
-	-	434	1,647	-	-	-	2,075	519	21,612
-	290	89	1,941	473	-	1,497	9	5,110	52,613
-	6,544	-	-	-	-	-	6,293	42,307	96,188
-	-	-	-	-	-	156	280	5,454	88,775
				2,487	2,197	1,087	330	5,928	107,347
31,724	-	-	-	-	121,853	-	43	20,648	224,138
4,536	1,011	-	4,235	1,031	1,606	1,776	46,668	41,596	224,755
-	-	-	-	-	-	-	12,360	1,095	13,455
17,917	-	-	17,748	59	-	-	3,679	1,626	261,842
-	-	-	-	-	-	-	71,057	-	71,057
-	-	-	4,795	-	-	-	-	-	243,844
<u>138,732</u>	<u>28,605</u>	<u>3,213</u>	<u>199,739</u>	<u>9,220</u>	<u>137,174</u>	<u>17,152</u>	<u>210,091</u>	<u>270,155</u>	<u>3,830,197</u>

See accompanying Audit Report and notes to financial statements

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**1. Summary of Significant Policies**

- (a) Organization - Tri- Community Action Agency, Inc. (TCCAA) 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 requires compliance with prescribed grant conditions and other special requirements, including the furnishing of certain amounts of cash or noncash contributions.
- (b) Income Tax - TCCAA is a non-profit corporation exempt from federal income tax under the provisions of section 501 (c) 3 of the Internal Revenue Code; it had no unrelated business income subject to federal income tax under section 511 of the Internal Revenue Code. TCCAA has determined that it does not have any material uncertain tax positions at June 30, 2022.
- (c) Basis of Accounting - TCCAA follows the accrual basis of accounting for financial statement presentation.
- (d) TCCAA reports information regarding its financial position and activities according to two classes of net assets:

\*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 the 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 the TCCAA 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.

- (e) Inventory - Inventory is valued at the lower of cost (first in, first out basis) or market.
- (f) Recording of Grant Revenue - TCCAA recognizes support from its cost reimbursement grants as costs are incurred

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

- (g) In-kind Contributions and Expenditures - Donated services are valued at rates consistent with those regular rates paid for similar work within the agency. Donated contractual services are valued at the contractors' normal rates. Donated materials are valued at their estimated fair market value at the date of receipt. Donated space is valued at the fair rental value of comparable space in the area.
  - (h) Depreciation Allowance - As per 2 CFR Part230/OMB A-122, the agency may not charge rent to federal programs in excess of depreciation expense. Depreciation is based on the cost of the building purchased at 1176 Huell Matthews Hwy. For space use allowance purposes, estimated useful life of the building is thirty (30) years. TCCAA was in compliance with the above paragraph of the circular at June 30, 2022.
  - (i) Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
  - (j) Net assets released from restrictions - Net assets released from restrictions is the mechanism used to decrease temporarily restricted net assets, when restrictions are met, and increase unrestricted net assets. For report purposes, all grant revenue received with restrictions are shown as temporarily restricted regardless if the restrictions are met. If the restrictions are met during the audit period, net assets released from restrictions is decreased for temporarily restricted net assets and unrestricted net assets is increased. This is a truer picture as to the flow of temporarily restricted net assets from restricted to unrestricted.
2. Protection of Deposits - At year-end, all of the agency's bank deposits were with banks with federal depository insurance. Currently, TCCAA has individual bank balances over the coverage limits. Balances above the \$250,000 FDIC limits are protected by regulations set forth by the State of Virginia regarding Public Funds.

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

3. Concentration of Credit Risk - Financial instruments that potentially subject TCCAA to concentrations of credit risk consist of interest-bearing transaction demand deposits and grants receivable. TCCAA places its interest-bearing transaction accounts with high credit quality financial institutions. Management monitors the credit rating of these financial instructions to minimize credit risk. TCCAA has not experienced any losses on its cash equivalents. The agency receives revenue primarily from Federal and State Governments. Due to the above, TCCAA will have a relatively low level of concentration risk of uncollected receivables.
4. Line of Credit - TCCAA has a line of credit with Wells Fargo. Interest is payable at 10% and is secured by TCCAA's assets.
5. Long Term Debt - 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 in South Boston, Virginia.

	\$ 179,202
Less current portion	<u>(19,976)</u>
Long-term debt	<u>\$ 159,226</u>

The aggregate principal payments follows:

<u>YEAR</u>	<u>PRINCIPAL PAYMENT</u>
2021	\$ 19,976
2022	21,208
2023	23,905
2024	25,380
2025	26,945
Later years	<u>61,788</u>
 Total	 <u>\$ 179,202</u>

TCCAA 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, 2021, TCCAA had a cash balance of \$30,288, specifically held to meet the debt service reserve. These funds are included in cash and cash equivalents.

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

6. Grants Receivable - Grants receivable consists of the following:

MIECHV GRANT	\$	29,452
CHERP		7,437
CSBG TANF		7,602
VDHCD - Weatherization		30,649
Domestic Violence		31,189
Domestic Violence-Emergency Assistance		45,386
CSBG		5,927
CSBG-COVID Relief		33,276
Healthy Families-DSS		10,054
Other		-
 Total	 \$	 <u><u>200,972</u></u>

7. Investments - Investments in marketable securities in the Statement of Financial Position are reported at their fair values for investments with readily determined fair values. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

	<u>06/30/22</u>
Balance, beginning of the year	\$ 2,464,874
Unrealized gains (loss) loss on investments	<u>(970,775)</u>
Balance, end of year	<u><u>\$ 1,494,099</u></u>

8. Fair Market Value - The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in an active market for identical assets or liabilities (level 1) and the lowest priority to unobserved inputs (level 3). TIA's investment in Fidelity Securities is a level 1 Input which valuation methodology is unadjusted quoted prices for identical assets or liabilities in active markets that the agency has the ability to access.

9. Property & Equipment - Fixed assets purchased with grant funds are recorded as expense at the time of purchase as required for reporting to the funding agencies. Fixed assets purchased with agency funds are depreciated over their estimated useful lives on a straight line basis. Useful lives range from 3 to 39 years.

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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

TCCAA's contribution on behalf of its employees amounted to \$54,774 for the year ended June 30, 2022. This is reflected under the cost category of "fringe benefits".

11. Contingent Liabilities - Grant funds are subject to audit by the funding agencies to determine compliance with various grant requirements. Should any expenditures be disallowed, they must be refunded to the granting agency.

12. Concentration of Grants - Approximately 65% of the Agency's funding is provided by grants from the Department of Health and Human Services's Head Start Program. The Agency's ability to operating in its current state in the absence of the Head Start Program has not been determined.

13. Subsequent Events - In preparing the financial statements, the Agency has evaluated all subsequent events, for potential recognition or disclosure, through February, 2023 the date the financial statements were available to be issued.

14. Liquidity and Availability - Financial assets were available for general expenditures 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	\$323,702
Grants receivable	<u>200,972</u>
Total financial assets available to meet general expenditures within one year	<u>\$ 524,674</u>

As a part of TCCAA'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, TCCAA maintains a committed line of credit up to a limit of \$33,500 upon which it could draw. At June 30, 2022, the balance outstanding totaled \$5,000.

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

15. Related Party Transactions - TCCAA and Halifax County Community Federal Credit Union (CU) are related parties. The nature of the relationship is that some of TCCAA's employees provide administrative functions for the CU and the organizations share office space. TCCAA is also the sponsoring agency for the CU. TCCAA has deposits totaling \$69,193 in the CU as of 06/30/22.

TCCAA, Halifax, Mecklenburg and Charlotte Counties are related parties. The nature of the relationship is that five board members of TCCAA are also members of the Board of Supervisors of the above localities. TCCAA received unrestricted grant funds in the amount of \$65,000, \$18,750 and \$50,760 from Mecklenburg, Charlotte and Halifax Counties, respectively. None of the board members has any personal interest from relationships with TCCAA.



**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANT NUMBER</u>	<u>EXPENDITURES</u>
<b><u>MAJOR PROGRAMS</u></b>			
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
*Head Start	93.600	03CH011074-03-00	\$ 1,389,425
<b><u>OTHER FEDERAL ASSISTANCE</u></b>			
U.S. Department of Agriculture			
<b>Passed Through the Virginia Department of Health</b>			
USDA Reimbursement (Child Care Food Program)	10.558	58916	85,638
<b>Passed Through the Virginia Department of Social Services</b>			
Community Services Block Grant	93.667	CVS-19-063-27	280,556
Temporary Assistance for Needy Families	93.558	CVS-19-063-27	171,383
Community Services Block Grant-Cares Act Grant	93.667	CVS-20-124-27	134,701
Healthy Family-MIECHV	93.870	FAM-21-083A-28	203,961
Domestic Violence Grant	93.000	CVS-19-057-A-27	153,094
<b>Passed Through the Virginia Department of Housing and Community Development</b>			
Weatherization Assistance for Low Income People	81.042	20-WX-10	67,350
Low Income Home Energy Assistance Program (LIHEAP)	93.558	20-LI-10	273,575
COVID Homelessness Emergency Response Program	14.231	20-CHERP-039	137,176
<b>DEPARTMENT OF HOMELAND SECURITY</b>			
Federal Emergency Management Agency (FEMA)	97.024	N/A	<u>28,067</u>
<b>Total Federal Assistance</b>			<u>\$ 2,924,926</u>
<b>* Denotes Major Program</b>			

See accompanying Audit Report and notes to financial statements

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Basis of Presentation-The schedule of expenditures of federal awards includes the federal grant activity of Tri-County Community Action Agency, Inc. and is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of CFR Part 200 "Uniform Administrative Requirements, Costs Principles and Audit Requirements for Federal Awards".

TCCAA has elected to use the 10% de minimis Indirect cost rate as per 2 CFR 200.510 ((b) (6).

See accompanying Audit Report and notes to financial statements

# N. Wesley Pughsley, Jr. and Associates, CPA

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Member: American Institute of CPA's

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 of  
Tri-County Community Action Agency, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Tri-County Community Action Agency, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities functional expenditures and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated February 28, 2023.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tri-County Community Action Agency, Inc.'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 Tri-County Community Action Agency, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Tri-County Community Action Agency, Inc.'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 Tri-County Community Action Agency, Inc.'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.

  
N. Wesley Pughsley, Jr. and Associates, CPA

Roanoke, Virginia

February 28, 2023

# N. Wesley Pughsley, Jr. and Associates, CPA

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Member: American Institute of CPA's

## 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 Trustees of  
Tri-County Community Action Agency, Inc.

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

#### *Opinion on Each Major Federal Program*

We have audited Tri-County Community Action Agency, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Tri-County Community Action Agency, Inc.'s major federal programs for the year ended June 30, 2022. Tri-County Community Action Agency, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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 each of its major federal programs for the year ended June 30, 2022.

#### *Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Tri-County Community Action Agency, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Tri-County Community Action Agency, Inc.'s compliance with the compliance requirements referred to above.

#### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Tri-County Community Action Agency, Inc.'s federal programs.

#### *Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Tri-County Community Action Agency, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Tri-County Community Action Agency, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Tri-County Community Action Agency, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Tri-County Community Action Agency, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Tri-County Community Action Agency, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### *Other Matters*

The results of our auditing procedures disclosed no instances of noncompliance.

*Government Auditing Standards* requires the auditor to perform limited procedures on Tri-County Community Action Agency, Inc.'s response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Tri-County Community Action Agency, Inc. had no noncompliance findings.

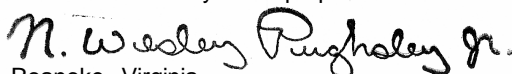
#### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

  
Roanoke, Virginia  
February 28, 2023

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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

Type of auditor's report issued: Unmodified

Internal control over financial reporting? yes  no

Material weakness(es) identified? yes  no

Significant deficiencies identified but not  
Considered to be material to weakness(es)? yes  no

Noncompliance material to financial  
statements noted? \_\_yes  no

**Federal Awards**

Internal control over major programs? \_\_yes  no

Material weakness(es) identified? \_\_yes  no

Significant deficiencies identified? yes  no

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

Any audit findings disclosed that are  
related to direct funding: \_\_yes  no

Identification of major programs:

CFDA Number(s)	Name of Program or Cluster
93.600	Head Start (DHHS)

Dollar threshold used to distinguish between Type A and B programs: \$750,000

Auditor qualified as low-risk auditee?  yes no

**TRI-COUNTY COMMUNITY ACTION AGENCY, INC  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**Section II - Financial Statement Findings**

**There were no findings.**

**Section III - Major Federal Award Program Findings**

**None**



**TRI-COUNTY COMMUNITY ACTION AGENCY, INC  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**PRIOR YEAR FOLLOW-UP**

**There were no findings or questioned cost noted in the prior year.**

# N. Wesley Pughsley, Jr. and Associates, CPA

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Member: American Institute of CPA's

February 28, 2023

To the Audit Committee of  
Tri-County Community Action Agency, Inc.

We have audited the financial statements of Tri-County Community Action Agency, Inc. for the year ended June 30, 2022, and have issued our report thereon dated February 28, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and 2 CFR 200, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 1, 2022. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Tri-County Community Action Agency, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during year. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements was (were):

Management's estimate of the value of In-kind Contributions and Expenditures in Note 1(i) is based on market values which fluctuate daily. We evaluated the key factors and assumptions used to record In-kind Contributions and Expenditures and determined that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements was (were):

The disclosure of Related Parties in Note 13 is sensitive to the financial statements because of their significance.

The financial statement disclosures are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated February 28, 2023.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*


We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of Audit Committee, management and funding sources of Tri-County Community Action Agency, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

  
N. Wesley Pughsley, Jr. & Associates, CPA