

BLOUNT COUNTY COMMUNITY ACTION AGENCY, INC.
Maryville, Tennessee

FINANCIAL STATEMENTS

June 30, 2022

BLOUNT COUNTY COMMUNITY ACTION AGENCY, INC.

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June 30, 2022

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BLOUNT COUNTY COMMUNITY ACTION AGENCY, INC.

Roster of Officials

June 30, 2022

Name	Title
Tom Stinnett	Chair
Fred Metz	Vice Chair
Debbie Sudhoff	Secretary
Dr. Robert Ramsey	Member
Jeff Jopling	Member
Tanya Martin	Member
Jerry Hall	Member
Marjorie Stewart	Member
Jeff Barbra	Member
Rosa Tellis	Member
Peggy Campbell	Member
Bryan Sandmeier	Member
Judge Bill Brewer	Member
Rob Britt	Member
Tom Taylor	Member
Tammye Pirie	Executive Director
Paige King	Chief Financial Officer



Warren Jackson

CERTIFIED PUBLIC ACCOUNTANTS, PLLC

DOUGLAS E. WARREN
CPA, CFF, CFE, FCPA, CGMA

R. CARTER RUNYAN, CPA

STACY N. EDWARDS, CPA

CAYCE J. ROUNTREE, CPA

ROBERT S. TALLENT, CPA

JUSTIN HICKS, CPA

DENISE S. DAVIS, CPA

DERRICK NELSON, EA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Blount County Community Action Agency, Inc.
Maryville, Tennessee

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Blount 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 Blount County Community Action Agency 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 Blount 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 Statement

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 Blount 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 Blount 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 Blount 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, 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 Matters

The Roster of Officials on page 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Roster of Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2023, on our consideration of Blount 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 Blount 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 Blount County Community Action Agency, Inc.'s internal control over financial reporting and compliance.

Warren Jackson CPAs PLLC

Sweetwater, Tennessee
February 24, 2023

FINANCIAL STATEMENTS

BLOUNT COUNTY COMMUNITY ACTION AGENCY, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2022

ASSETS

Current assets:	
Cash	\$ 293,878
Grants and other receivables	486,533
Prepaid expenses	779
Total current assets	<u>781,190</u>
Non-current assets:	
Other investments	15,307
Property and equipment, net	43,587
Total non-current assets	<u>58,894</u>
 Total Assets	 <u>\$ 840,084</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 126,670
Compensated absences	15,361
Total current liabilities	<u>142,031</u>
Non-current liabilities:	
Compensated absences	<u>46,084</u>
 Total liabilities	 <u>188,115</u>
Net assets:	
Without donor restrictions	377,333
With donor restrictions	274,636
 Total net assets	 <u>651,969</u>
 Total Liabilities and Net Assets	 <u>\$ 840,084</u>

(The accompanying notes are an integral part of these statements)

BLOUNT COUNTY COMMUNITY ACTION AGENCY, INC.**STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, Gains and Other Support:			
Grant revenue	\$ 2,695,359	\$ 106,726	\$ 2,802,085
Public support and donations	208,769	-	208,769
In-kind contributions	731,620	-	731,620
Interest income	323	-	323
Investment income (loss), net	(3,293)	-	(3,293)
Net assets released from restrictions	110,308	(110,308)	-
Total revenue, gains and other support	<u>3,743,086</u>	<u>(3,582)</u>	<u>3,739,504</u>
Expenses:			
Program	3,368,983	-	3,368,983
Management and general	342,615	-	342,615
Total expenses	<u>3,711,598</u>	<u>-</u>	<u>3,711,598</u>
Change in net assets	31,488	(3,582)	27,906
Net assets, beginning of year	<u>345,845</u>	<u>278,218</u>	<u>624,063</u>
Net assets, end of year	<u>\$ 377,333</u>	<u>\$ 274,636</u>	<u>\$ 651,969</u>

(The accompanying notes are an integral part of these statements)

BLOUNT COUNTY COMMUNITY ACTION AGENCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2022

	Program Departments			Total Program Expenses	Management and General	Total
	Community Service	Community Nutrition	Office on Aging			
Salaries and wages	\$ 275,414	\$ 215,424	\$ 155,116	\$ 645,954	\$ 201,138	\$ 847,092
Benefits and taxes	116,090	59,570	50,761	226,421	65,381	291,802
Professional fees	7,777	5,750	4,660	18,187	5,530	23,717
Contract services	2,472	31,227	7,738	41,437	11,767	53,204
Advertising	-	484	-	484	1,650	2,134
Energy outreach	16,367	-	-	16,367	-	16,367
Energy education	16,042	-	-	16,042	-	16,042
Enrollment expense	-	-	950	950	-	950
Food expense	-	175,611	-	175,611	48	175,659
Program supplies	38,533	119,735	26,360	184,628	747	185,375
Office supplies	3,085	3,734	1,168	7,987	17,597	25,584
Telephone and internet	1,692	1,641	2,514	5,847	962	6,809
Postage and printing	5,011	1,088	4,474	10,573	2,938	13,511
Insurance	7,599	3,917	2,961	14,477	2,295	16,772
Utilities	9,406	15,183	3,452	28,041	5,945	33,986
Building and grounds	161,127	31,515	23,855	216,497	17,986	234,483
Dues and subscriptions	-	1,747	190	1,937	2,649	4,586
Conference and travel	76	6,077	1,384	7,537	197	7,734
Client benefits	1,007,482	3,133	7,771	1,018,386	-	1,018,386
In-kind expenses	39,432	582,355	109,833	731,620	-	731,620
Depreciation	-	-	-	-	5,785	5,785
	<u>\$ 1,707,605</u>	<u>\$ 1,258,191</u>	<u>\$ 403,187</u>	<u>\$ 3,368,983</u>	<u>\$ 342,615</u>	<u>\$ 3,711,598</u>

(The accompanying notes are an integral part of these statements)

BLOUNT COUNTY COMMUNITY ACTION AGENCY, INC.

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets:	\$	27,906
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation		5,785
Net investment loss		3,293
Net (increase) decrease in operating assets:		
Grants and other receivables		(51,575)
Prepaid expenses		680
Net increase (decrease) in operating liabilities:		
Accounts payable		(2,973)
Compensated absences		10,044
Net cash provided (used) by operating activities		<u>(6,840)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest income on investments		<u>(145)</u>
Net cash provided (used) by investing activities		<u>(145)</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS (6,985)

CASH AND CASH EQUIVALENTS:

Beginning of year		<u>300,863</u>
End of year	\$	<u><u>293,878</u></u>

SUPPLEMENTAL CASH FLOW DISCLOSURE:

a) Cash - held in investments	\$	<u><u>15,307</u></u>
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(The accompanying notes are an integral part of these statements)

NOTES TO THE FINANCIAL STATEMENTS

BLOUNT COUNTY COMMUNITY ACTION AGENCY, INC.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The Blount County Community Action Agency, Inc. (the "Organization") is a non-profit corporation exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Developed under the Economic Opportunity Act of 1964 to combat poverty, Blount County Community Action Agency identifies community needs and resources, determines strategies to address local poverty issues, and delivers a broad range of comprehensive services to create stability and resiliency for Blount County residents who experience economic and basic needs struggles. The responsive programs at the Blount County Community Action Agency provide short- and long-term solutions that aid in alleviating poverty cycle impacts and opportunities for increasing self-sustainability.

The Organization is governed by a Board of Directors consisting of 15 members that represent various sectors of engaged and influential community stakeholders. The required composition of a community action agency includes one-third low-income sector representatives, one-third public (elected) officials, and one-third private sector leaders. This board structure is defined by federal statute and is known as a Tripartite Board.

Basis of presentation - The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities. In accordance with the Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 958, the Organization is reporting 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.

Contributions - The Organization accounts for its contributions using ASU 2018-08, "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made". In accordance with the ASU, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. Net assets without donor restrictions consist of resources available for the various programs and administration of the Organization which have not been restricted by a donor or other outside party (donors include other types of contributors, including makers of certain grants). Net assets with donor restrictions are those assets that are designated by the donor for a specific purpose. In certain instances where donor-restricted support and the related donor-imposed conditions and restrictions are met in the same reporting, such contributions are classified as net assets without donor restrictions.

Donated services, supplies, and property and equipment - Donated property and equipment and services, which meet the criteria for recognition, are reflected as contributions at their estimated fair values at the date of donation. Donated property and equipment are recorded as without donor restriction support in the absence of donor restrictions as to how long the asset must be used.

BLOUNT COUNTY COMMUNITY ACTION AGENCY, INC.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated services, supplies, and property and equipment (continued) - The Organization leases its office and operations center from the Blount County Government under a cancellable lease, with 60 day notice, at the rate of \$1 per year. The premises are to be used in the Organization's charitable activities. The financial statements include an in-kind contribution of \$88,288 included in the functional expenses for the year ended June 30, 2022.

Fair value of financial instruments - Current accounting guidelines establish a framework for measuring fair value under generally accepted accounting principles. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal and most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The guidance requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The guidance also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

The Organization classifies its investments into Level 1, which refers to securities traded in an active market; Level 2, which refers to securities not traded in an active market but for which observable market inputs are readily available, or Level 1 securities where there is a contractual restriction; and Level 3, which refers to securities not traded in an active market and for which no significant observable market inputs are available. The Organization's investments are classified as follows, based on fair values:

Level 2 - Long-term comingled funds are valued using quoted market prices for similar assets or liabilities (Level 2 input) during the year ended June 30, 2022. There were no assets or liabilities valued at Level 1 or Level 3. See NOTE 5.

Cash equivalents - For purposes of the cash flow statement, the Organization considers all unrestricted, highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Property, equipment and depreciation - The Organization follows procedures that capitalize long-lived assets with an original cost of \$5,000 or more. Donated property is recorded as a contribution at its estimated fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

BLOUNT COUNTY COMMUNITY ACTION AGENCY, INC.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts receivable - Accounts receivable are stated at the amount management expects to collect from outstanding balances. The direct write-off method is used for bad debts which does not produce a material difference from the allowance method. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to bad debt expense. Accounts receivable related to program receipts at June 30, 2022 were \$79,468.

Investments - The Organization follows ASC 958-320. Under ASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Compensated Absences - Employees of the Organization accumulate a limited amount of earned but unused vacation due to them. Amounts representing the cost of compensated absences are recorded as liabilities of the Organization based on actual rates of pay in effect at June 30, 2022.

Allocation of Expenses - The Organization utilizes cost allocation methods to distribute certain direct and indirect costs to its various programs. Costs which are common to more than one program have been identified and classified into cost pools. These cost pools have been allocated to the programs based on formulas developed by the Organization for each pool.

Estimates - Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported support, revenues and expenses. Actual results could vary from the estimates that were used.

Revenue Recognition from Contracts with Customers - The Organization follows ASU 2014-09, "Revenue from Contracts with Customers" and all subsequent amendments to the ASU (collectively, "ASC 606"), to recognize revenue from contracts with customers. ASU 606 creates a single framework for recognizing revenue from contracts with customers that fall within its scope. The majority of the Organization's revenues come from donations and grants, which fall outside of the scope of ASC 606.

Date of Management's Review - Management has evaluated events and transactions for potential recognition or disclosure through February 24, 2023, the date the financial statements were available to be issued.

BLOUNT COUNTY COMMUNITY ACTION AGENCY, INC.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax Status - The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

All tax exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes. Federal income tax examinations for the years 2020, 2021, and 2022 are still open to examination by the Internal Revenue Service.

Adoption of New Accounting Pronouncement - In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842), effective for fiscal years beginning after December 15, 2021 and all reporting periods thereafter. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by organizations. This Statement increases the usefulness of organizational financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement. The Council has evaluated financial reporting for leases and has determined that there is no change in lease reporting as a result of the adoption of the standard.

NOTE 2 - DESCRIPTION OF PROGRAM SERVICES

The Organization offers three (3) areas of services for the community:

Community Services - The Organization provides a range of services and activities through various grant programs which are designed to help families and individuals achieve and maintain independence and improve the conditions of the communities in which they live. The individual programs contained within Community Services are as follows:

BLOUNT COUNTY COMMUNITY ACTION AGENCY, INC.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2022

NOTE 2 - DESCRIPTION OF PROGRAM SERVICES (continued)

- a) *Commodity Food Distribution* - U.S. Department of Agriculture surplus foods are distributed four times each year, typically providing 40-45 pounds of food to a household.
- b) *Emergency Energy Assistance Programs* - provides one-time per program year assistance with utility bills.
- c) *The Low Income Home Energy Assistance Program (LIHEAP)* - provides one time per program year assistance with home energy costs.
- d) *Information and Referral* - answers inquiries about available services and makes referrals to community programs.
- e) *Health* - provide assistance through local dentists to provide emergency dental assistance and dentures.
- f) *Employment* - provide gas cards to seek out employment, attend job interviews and attend work.
- g) *Garden Produce for Fitness Program* - provides access to fruit and vegetable seeds, plants, gardening supplies and education.
- h) *Substance Opioid Addiction Rehabilitation Program (SOAR)* - works with the Blount County Recovery Courts to provide resources to assist with the requirements of the Recovery Courts, with the goal of helping participants succeed with rehabilitation, get back in the workforce and community while helping them out of poverty.

Community Nutrition - The Organization provides nutrition services through donor contributions and grant income; there is no fee for this service. The individual programs contained within Community Nutrition are as follows:

- a) *Smoky Mountain Meals on Wheels* - provides the security of a nutritious meal Monday through Friday to Blount County residents 60 years or older who are confined to their homes and struggle to get to the food or prepare it themselves.
- b) *Smoky Mountain AniMeals on Wheels* - designed to help shut-in seniors with the necessities to keep their furry companions healthy and well fed.

Office on Aging - The Office on Aging is funded through the Older Americans Act and provides information, resources and education on a variety of topics, including caregiving and Medicare. Programs under the Office of Aging are as follows:

- a) *Senior Miles (SMiles)* - designed as friendly, door-through-door transportation for Blount County residents age 60+ who need rides for essential trips (medical, groceries, etc.).

BLOUNT COUNTY COMMUNITY ACTION AGENCY, INC.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2022

NOTE 2 - DESCRIPTION OF PROGRAM SERVICES (continued)

- b) *Savings CheckUp* - provides low-income seniors and disabled individuals with screenings for eligible programs and assists them with completing the enrollments they qualify for. Benefit programs include Medicare Savings Program, Medicare Part D Subsidy, TennCare for medical services, SNAP (food stamps) and Energy Assistance.
- c) *Senior Service Directory* - comprehensive edition of resources available to Blount County seniors published every three (3) years through the sale of advertisements.
- d) *Focus on Seniors* - series of educational events, co-sponsored by the Blount County Public Library, that cover topics of interest to the elderly and their families.
- e) *ElderWatch* - a group of concerned professionals and citizens who advocate on behalf of the elderly who are or may become victims of abuse, including scams and fraud.
- f) *SAIL* - an exercise group designed for those over the age of 65, lead by certified volunteers.
- g) *CHIRP* - provides telephone reassurance service to homebound seniors.
- f) *Urgent Home Repairs* - provides urgent needs, such as a temporary ramp or of a replacement broken window. Materials are funded through client contributions, grants and donations.

NOTE 3 - PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows at June 30, 2022:

Furniture and equipment	\$	12,869
Leasehold improvements		36,000
Vehicles		45,253
		<u>94,122</u>
Less: accumulated depreciation		(50,535)
Property and equipment, net	\$	<u>43,587</u>

Depreciation expense charged to operations for the year ended June 30, 2022, was \$5,785.

Property and equipment acquired with grant funds are considered to be owned by the Organization.

BLOUNT COUNTY COMMUNITY ACTION AGENCY, INC.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2022

NOTE 4 - FEDERAL AND STATE AGENCIES

Grant contracts are typically awarded for one-year terms which are often extended for further years. Additionally, contract amounts may be amended during the award period to increase or decrease award amounts. Revenues from grants are recognized when qualifying expenditures are made unless otherwise provided by the applicable grant agreements. Revenues from fees for service contracts are recognized when qualifying services are provided. Federal and State grant revenues and the related receivables are as follows:

<u>Program Title</u>	<u>Grant/Contract Number</u>	<u>Earned Revenue</u>	<u>Receivable Due</u>
Nutrition Aging Services - III B - COVID	221-103	\$ 83,766	\$ -
Nutrition Aging Services - III B	221-104	114,685	37,910
Home Delivered Meals Services - III C	221-104	368,330	28,168
Community Support Services - III B - COVID	221-132	19,011	-
Home Delivered Meals Services - III C - COVID	221-132	24,960	-
Community Services Block Grant	34549-10220	316,453	38,062
Community Services Block Grant-COVID	34549-20222	145,630	61,688
Low Income Home Energy Assistance			
Program (LIHEAP)	21-02	1,209,092	119,050
Program (LIHEAP)-COVID	L99 / C99	47,040	44,441
Benefits Enrollment Center	BCCAA	94,151	30,000
The Emergency Food Assistance Program	32501-01322	62,220	47,746
Nutrition Aging Services - III B - COVID	221-104	12,450	-
Community Service and Occupancy Program	BCCAA	25,050	-
Total Federal and State Grants		<u>\$ 2,522,838</u>	<u>\$ 407,065</u>

NOTE 5 - INVESTMENTS AT FAIR VALUE

Investments, stated at fair value as of June 30, 2022, were \$15,307. The investments are all categorized by fund as follows:

<u>Fund / Security type</u>	<u>SMiles</u>	<u>AniMeals</u>	<u>Meals on Wheels</u>
Level 2:			
Long-term comingled fund	<u>\$ 10,959</u>	<u>\$ 2,232</u>	<u>\$ 2,116</u>

There were no Level 1 or Level 3 investments at year end.

BLOUNT COUNTY COMMUNITY ACTION AGENCY, INC.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2022

NOTE 6 - DEFERRED RETIREMENT PLAN

The Blount County Community Action Agency, Inc. maintains a tax deferred 403(b) retirement plan (the "Plan") to provide retirement benefits for all eligible employees. The Plan allows for employee and employer contributions. The Plan begins on the first date of hire of any employee. The Organization will contribute on behalf of each employee at an established rate. A full-time and part-time employee is eligible for a matching contribution equal to 100% of the participant's elective deferral up to 5% of the employee's annual salary. Any full-time or part-time employee who does not elect to contribute to the retirement plan will be supported by an employer benefit contribution of 2%, with no match required. The Organization's contributions to the plan for the year ended June 30, 2022 were \$17,676.

NOTE 7 - COMPENSATED ABSENCES

All full-time, salaried employees are entitled to paid vacation days, based on their length of service. There is no limit to the number of vacation days an employee may accrue, however upon termination, an employee will only be paid up to 30 days for unused vacation time. Unused vacation time over the 30 days are forfeited. Vacation days are accrued at the following rates:

<u>Years of Service</u>	<u>Days Earned per Year</u>
Less than	5
1 - 3	10
4 - 10	15
11 - 15	20
16+	25

NOTE 8 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following represents the Organization's financial assets at June 30, 2022:

Financial assets at year end:	
Cash and cash equivalents	\$ 293,878
Grants and other receivables	486,533
Investments at East TN Foundation	15,307
Total financial assets	<u>795,718</u>
Less: Assets restricted as to use	(274,636)
Less: Long-term investment funds	<u>(15,307)</u>
Total financial assets available to meet cash needs for general expenditures in one year	<u>\$ 505,775</u>

BLOUNT COUNTY COMMUNITY ACTION AGENCY, INC.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2022

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of contributions restricted by the donor for specific purposes or for future use. Such contributions are reported as net assets with donor restrictions and are reclassified to net assets without donor restrictions when the restrictions have been satisfied. At June 30, 2022, net assets with donor restrictions are available to be used for the following purposes:

<u>Restricted Purpose:</u>	
ElderWatch	\$ 737
Senior Directory	40,979
SMiles	40,626
AniMeals	11,007
Share the Warmth	68,978
Employee Fund	1,186
Senior Nutrition	16,549
Housing	94,574
Total net assets with donor restrictions	<u>\$ 274,636</u>

NOTE 10 - CONCENTRATION OF CREDIT RISK

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of its cash and cash equivalents. At times during the year, cash of the Organization deposited in financial institutions may exceed the FDIC limit of \$250,000. The management of the Organization deposits cash funds in high quality institutions to mitigate the risk due to uninsured exposure. At June 30, 2022, the Organization had no cash balances in excess of the FDIC insured limit.

NOTE 11 - RISK MANAGEMENT

The Blount County Community Action Agency, Inc. is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The Organization assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage for the past three fiscal years.

SINGLE AUDIT SECTION

BLOUNT COUNTY COMMUNITY ACTION AGENCY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Year Ended June 30, 2022

Federal Grantor / Pass-through Grantor / Program Title	Assistance Listing Number	Pass-through Identifying Number	Passed through to Subrecipients	Federal Expenditures
<i>Federal Awards:</i>				
U.S. Department of Health and Human Services:				
East Tennessee Human Resource Agency:				
Aging Cluster:				
Nutrition Aging Services - III B - COVID	93.044	221-103	\$ -	\$ 83,766
Nutrition Aging Services - III B	93.044	221-104		\$ 114,685
Home Delivered Meals Services - III C	93.045	221-104	-	368,330
Community Support Services - III B - COVID	93.045	221-132	-	19,011
Home Delivered Meals Services - III C - COVID	93.045	221-132	-	24,960
Total Aging Cluster			-	610,752
Tennessee Department of Human Services:				
Community Services Block Grant	93.569	34549-10220	-	316,453
Community Services Block Grant - COVID	93.569	34549-20222	-	145,630
Total Community Services Block Grant			-	462,083
Tennessee Housing and Development Agency:				
Low Income Home Energy Assistance Program (LIHEAP)	93.568	21-02	-	1,209,092
Low Income Home Energy Assistance Program (LIHEAP) - COVID	93.568	C-99	-	23,520
Low Income Home Energy Assistance Program (LIHEAP) - COVID	93.568	L-99		23,520
Total Tennessee Housing and Development Agency			-	1,256,132
Total U.S. Department of Health and Human Services			-	2,328,967
U.S. Administration for Community Living:				
National Council on Aging:				
Benefits Enrollment Center	93.071	BCCAA		94,151
Total U.S. Administration for Community Living			-	94,151
U.S. Department of Agriculture:				
Tennessee Department of Agriculture:				
The Emergency Food Assistance Program	10.568	32501-01322		62,220
Total U.S. Department of Agriculture			-	62,220
Total Expenditures of Federal Awards			\$ -	\$ 2,485,338

(See accompanying Independent Auditor's Report and Notes to the Financial Statements)

BLOUNT COUNTY COMMUNITY ACTION AGENCY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2022

State Financial Assistance:

East Tennessee Human Resource Agency:				
Aging Services - III B - COVID	N/A	221-104	12,450	
Total East Tennessee Human Resource Agency			-	12,450
 Tennessee Division of Child Care and Community Services				
Community Service and Occupancy Program	N/A	BCCAA	25,050	
Total Tennessee Division of Child Care and Community Services			-	25,050
 Total State Financial Assistance			\$ -	\$ 37,500
 Total Expenditures of Federal Awards and State Financial Assistance			\$ -	\$ 2,522,838

(See accompanying Independent Auditor's Report and Notes to the Financial Statements)

BLOUNT COUNTY COMMUNITY ACTION AGENCY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2022

Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance:

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") includes the federal and state grant activity of Blount County Community Action Agency, Inc. under programs of the federal and state governments for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents a selected portion of the operations of Blount County Community Action Agency, Inc., it is not intended to and does not present the financial position, change in net position, or cash flows of Blount County Community Action Agency, Inc.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-133, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected to use the 10-percent de minimus indirect cost rate, when available.

BLOUNT COUNTY COMMUNITY ACTION AGENCY, INC.
SCHEDULE OF NON-CASH ASSISTANCE
For the Year Ended June 30, 2022

Federal CFDA	Federal Grantor / Pass-through Grantor /	Balance			Balance
Number	Program Title	July 1, 2021	Receipts	Expenditures	June 30, 2022
10.569	U.S. Department of Agriculture Tennessee Department of Agriculture Food Commodities Program	<u>\$ -</u>	<u>\$ 55,948</u>	<u>\$ 55,948</u>	<u>\$ -</u>

(See accompanying Independent Auditor's Report and Notes to the Financial Statements)



Warren Jackson

CERTIFIED PUBLIC ACCOUNTANTS, PLLC

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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
Blount County Community Agency, Inc.
Maryville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Blount 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 and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 24, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Blount County Community Action Agency, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Blount County Community Action Agency, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Blount County Community Action Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 Blount 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 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*.

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.

A handwritten signature in blue ink that reads "Warren Jackson CPAs PLLC". The signature is written in a cursive style.

WarrenJackson CPAs, PLLC
Sweetwater, Tennessee
February 24, 2023



Warren Jackson

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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 of
Blount County Community Action Agency, Inc.
Maryville, Tennessee

Report on Compliance for Each Major Federal Program

We have audited Blount County Community Action Agency, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Blount County Community Action Agency, Inc.'s major federal programs for the year ended June 30, 2022. Blount 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.

Management's Responsibility

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

Auditor's Responsibility

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

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WARRENJACKSONCPA.COM

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Opinion on Each Major Federal Program

In our opinion, Blount 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.

Report on Internal Control Over Compliance

Management of Blount County Community Action Agency, Inc. 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 Blount County Community Action Agency, Inc.'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 Blount County Community Action Agency, Inc.'s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify 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.

A handwritten signature in blue ink that reads "Warren Jackson CPAs PLLC". The signature is written in a cursive style.

WarrenJackson CPAs, PLLC
Sweetwater, Tennessee
February 24, 2023

BLOUNT COUNTY COMMUNITY ACTION AGENCY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. The auditor's report expresses an unmodified opinion on the financial statements of Blount County Community Action Agency, Inc.
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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* . No material weaknesses were reported.
3. No instances of noncompliance material to the financial statements of Blount County Community Action Agency, Inc., which would be required to be reported in accordance with *Government Auditing Standards* , were disclosed during the audit.

Federal Awards:

4. No significant deficiencies relating to the audit of major federal award programs were reported in the auditor's report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with Uniform Guidance. No material weaknesses in internal control were disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with Uniform Guidance for Blount County Community Action Agency, Inc. expresses an unmodified opinion.
6. There are no audit findings that are required to be reported in accordance with Uniform Guidance.
7. The programs tested as major programs were:
 - Community Services Block Grant (CSBG) - Assistance Listing #93.569
 - Low Income Home Energy Assistance Program (LIHEAP) - Assistance Listing #93.568
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The auditee was determined to be a low-risk auditee.

(See accompanying Independent Auditor's Report and Notes to the Financial Statements)

BLOUNT COUNTY COMMUNITY ACTION AGENCY, INC.
SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2022

A. FINDINGS - FINANCIAL STATEMENT AUDIT:

Current Year: None

Prior Year: None

B. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT:

None - There were no prior year audit findings.

(See accompanying Independent Auditor's Report and Notes to the Financial Statements)