

Financial Statements

OUR DAILY BREAD OF TENNESSEE, INC.

Year Ended September 30, 2023

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INDEPENDENT ACCOUNTANTS' AUDIT REPORT

Board of Directors
Our Daily Bread of Tennessee, Inc.
Knoxville, Tennessee

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Our Daily Bread of Tennessee, Inc., which comprise the statement of financial position as of September 30, 2023, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Our Daily Bread of Tennessee, Inc., as of September 30, 2023, 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 of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Our Daily Bread of Tennessee, 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 opinion.

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 Our Daily Bread of Tennessee, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 Our Daily Bread of Tennessee, 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 Our Daily Bread of Tennessee, 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the schedule of principal officials, but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2024, on our consideration of Our Daily Bread of Tennessee, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of the 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 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 Our Daily Bread of Tennessee, Inc.'s internal control over financial reporting and compliance.

Mitchell Emert + Hill

March 22, 2024

OUR DAILY BREAD OF TENNESSEE, INC.

STATEMENT OF FINANCIAL POSITION

September 30, 2023

ASSETS

CURRENT ASSETS

Cash		\$ 1,036,614
Grants receivable		1,377,293
Prepaid expenses		<u>17,040</u>

TOTAL CURRENT ASSETS 2,430,947

EQUIPMENT

Office furniture and equipment	\$ 221,857	
Accumulated depreciation	<u>(137,239)</u>	84,619

DEPOSITS

9,690

OTHER ASSET

Right-of-use asset - office lease		<u>56,917</u>
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\$ 2,582,172

See the accompanying notes to the financial statements.

LIABILITIES AND NET ASSETS**CURRENT LIABILITIES**

Accounts payable	\$ 1,218,812
Accrued expenses	17,087
Current portion of long-term lease	<u>27,298</u>

TOTAL CURRENT LIABILITIES 1,263,197

**LONG-TERM LEASE,
net of current portion**

29,619

TOTAL LIABILITIES 1,292,815

NET ASSETS

Net assets without donor restrictions	<u>1,289,357</u>
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\$ 2,582,172

See the accompanying notes to the financial statements.

OUR DAILY BREAD OF TENNESSEE, INC.

STATEMENT OF ACTIVITIES

Year Ended September 30, 2023

NET ASSETS WITHOUT DONOR RESTRICTIONS

SUPPORT AND REVENUE

Federal grants	\$ 15,229,488
Miscellaneous revenue	<u>3,830</u>

TOTAL SUPPORT AND REVENUE 15,233,318

EXPENSES

Program services:	
Meal reimbursements	13,139,221
Special programs	<u>5,734</u>
	13,144,955

Management and general:	
Salaries and wages	\$ 1,218,979
Payroll taxes	91,030
Insurance	90,854
Depreciation	21,421
Travel	86,396
Office expenses	26,990
Communication	35,386
Advertising	16,152
Memberships/subscriptions/professional activities	158,374
Rent/maintenance	124,449
Printing and postage	25,333
Utilities	12,158
Training	61,525
Professional services	50,529
Miscellaneous	<u>2,879</u>
	<u>2,022,454</u>

TOTAL EXPENSES 15,167,409

See the accompanying notes to the financial statements.

OUR DAILY BREAD OF TENNESSEE, INC.

STATEMENT OF ACTIVITIES

(continued)

Year Ended September 30, 2023

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	65,909
NET ASSETS AT THE BEGINNING OF THE YEAR	<u>1,223,448</u>
NET ASSETS AT THE END OF THE YEAR	<u><u>\$ 1,289,357</u></u>

See the accompanying notes to the financial statements.

OUR DAILY BREAD OF TENNESSEE, INC.

STATEMENT OF CASH FLOWS

Year Ended September 30, 2023

CASH PROVIDED(USED) BY OPERATING ACTIVITIES

Change in net assets		\$	65,909
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation	\$	21,421	
(Increase)decrease in:			
Prepaid expenses		986	
Grants receivable		(149,680)	
Increase in:			
Accounts payable		120,754	
Accrued expenses		12,068	
			<u>5,549</u>

**NET CASH PROVIDED
BY OPERATING ACTIVITIES**

71,458

CASH PROVIDED(USED) BY INVESTING ACTIVITIES

Acquisition of property and equipment		<u>(13,486)</u>
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NET INCREASE IN CASH

57,972

CASH AT THE BEGINNING OF THE YEAR

978,641

CASH AT THE END OF THE YEAR

\$ 1,036,614

See the accompanying notes to the financial statements.

OUR DAILY BREAD OF TENNESSEE, INC.

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2023

NOTE A - DESCRIPTION OF ORGANIZATION

Our Daily Bread of Tennessee, Inc. (Our Daily Bread) is a non-profit corporation located in Knoxville, Tennessee. Our Daily Bread assumes administrative and financial responsibility for Child and Adult Care Food Program operations in centers and day care homes in Tennessee and Kentucky. Substantially, all of Our Daily Bread's support comes from the State of Tennessee Department of Human Services and the State of Kentucky Department of Human Services (pass-through agencies for the U.S. Department of Agriculture).

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and interest-bearing deposits. For purposes of the statement of cash flows, cash in demand deposits with financial institutions and all cash investments with original maturities of three months or less are considered to be cash and cash equivalents.

Property and Equipment

Property and equipment are reported at cost or, in the case of contributed property, at the estimated fair value at the date of receipt. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which range from five to ten years. Depreciation expense for the year ended September 30, 2023 was \$21,421.

Support and Revenue

Contributions are recorded as support when cash or other assets are received. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Gifts of cash and other assets that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Restricted grants and contributions whose restrictions are met in the same reporting period as they are received are reported as unrestricted. There were no net assets with donor restrictions at September 30, 2023.

OUR DAILY BREAD OF TENNESSEE, INC.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

September 30, 2023

Functional Expense Allocation

The costs to provide programs and services are summarized on a functional basis in the accompanying financial statements. Accordingly, certain expenses have been allocated among the program and supporting services benefited. Costs directly related to a specific function are charged to that function.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions they may undertake in the future, actual results could differ from those estimates. Estimates are used when accounting for allowances for uncollectible receivables, depreciation, and contingencies, among others.

Income Taxes

Our Daily Bread is exempt from federal income taxes under section 501(c)(3) of the U.S. Internal Revenue Code, except on unrelated business income. Our Daily Bread's income tax filings are open and subject to examination by the Internal Revenue Service generally for three years after they are filed. However, Our Daily Bread is not currently under audit, nor has Our Daily Bread been contacted by this jurisdiction. Our Daily Bread believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

OUR DAILY BREAD OF TENNESSEE, INC.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

September 30, 2023

NOTE C – LEASE OBLIGATIONS

Our Daily Bread leases office space in Clarksville, Tennessee under an operating lease with a term of two years ending in September 2025. The right-of-use asset and lease liability values were computed using a discount rate of 8.5%.

The following summarizes amounts included in the statement of financial position for the operating lease as of June 30, 2023:

Operating lease right-of-use assets	\$ 56,917
Current portion of long-term lease	\$ 27,298
Long-term lease, net of current portion	<u>29,619</u>
Total lease liability	<u><u>\$ 56,917</u></u>

The maturities of the lease liability as of June 30, 2023 were as follows:

Year Ending <u>September 30:</u>	
2024	\$ 32,136
2025	<u>32,136</u>
Total lease payments	64,272
Less: interest	<u>(7,355)</u>
Present value of lease liability	<u><u>\$ 56,917</u></u>

There was no operating lease expense associated with this lease for the year ended September 30, 2023.

Our Daily Bread also leases office facilities in Knoxville, Tennessee and Memphis, Tennessee under short term leases which expire in November 2023. Rent expense for the short-term leases for the year ended September 30, 2023 was \$80,406. These leases are not required to be recorded in accordance with Financial Accounting Standards Board, ASU 2016-02, *Leases* (Topic 842). Accordingly, these leases are not recorded in the statement of financial position.

OUR DAILY BREAD OF TENNESSEE, INC.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

September 30, 2023

NOTE D – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Our Daily Bread had the following financial assets available to meet cash needs for general expenditures within one year at September 30, 2023:

Cash	\$ 1,036,614
Grants receivable	<u>1,377,293</u>
	<u>\$ 2,413,907</u>

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

NOTE E - SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 22, 2024, which is the date the financial statements were available to be issued, and determined that no subsequent events have occurred that require adjustment to or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

OUR DAILY BREAD OF TENNESSEE, INC.

EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2023

<u>Federal Grantor/ Pass-Through Grantor/ Program Name</u>	<u>Assistance Listing Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
U.S. Department of Agriculture Tennessee Department of Human Services/Child and Adult Care Food Program	10.558	00059	\$ 11,723,548
U.S. Department of Agriculture Kentucky Department of Education/Child and Adult Care Food Program	10.558	12267	<u>3,505,940</u>
			<u>\$ 15,229,488</u>

BASIS OF PRESENTATION

This schedule includes the federal award activity of Our Daily Bread of Tennessee, Inc. under programs of the federal government for the year ended September 30, 2023. The information on this schedule is presented in accordance with the requirements of the Uniform Guidance. Because this schedule presents only a selected portion of the operations of Our Daily Bread of Tennessee, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Our Daily Bread of Tennessee, Inc.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on this schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

INDIRECT COST RATE

Our Daily Bread of Tennessee, Inc. has not elected to use the 10% de-minimis indirect cost rate, allowed under the Uniform Guidance.

See the accompanying independent accountants' audit report

OUR DAILY BREAD OF TENNESSEE, INC.

EXPENDITURES OF FEDERAL AWARDS

(continued)

Year Ended September 30, 2023

OUTSTANDING LOAN BALANCE

Our Daily Bread of Tennessee, Inc. had no balances of federal loans outstanding as of September 30, 2023.

OTHER INFORMATION

OUR DAILY BREAD OF TENNESSEE, INC.

PRINCIPAL OFFICIALS

September 30, 2023

Phillip Hester, President
Senta Hester, Executive Director
Curtis Isabell, Board Chairman
Alicia Davis, Board Member
Kathleen Abernathy, Board Member
Khann Chov, Board Member

See the accompanying independent accountants' audit report.

INTERNAL CONTROL

AND

COMPLIANCE

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Our Daily Bread of Tennessee, Inc.
Knoxville, 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 of America; 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) the financial statements of Our Daily Bread of Tennessee, Inc., which comprise the statement of financial position as of September 30, 2023 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 March 22, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Our Daily Bread of Tennessee, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Our Daily Bread of Tennessee, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Our Daily Bread of Tennessee, 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 Our Daily Bread of Tennessee, Inc.'s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 Our Daily Bread of Tennessee, 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 Our Daily Bread of Tennessee, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Our Daily Bread of Tennessee, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mitchell Emert + Hill". The script is cursive and fluid, with the first names being more prominent than the last name.

March 22, 2024

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

Board of Directors
Our Daily Bread of Tennessee, Inc.
Knoxville, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Our Daily Bread of Tennessee, 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 Our Daily Bread of Tennessee, Inc.'s major federal programs for the year ended September 30, 2023. Our Daily Bread of Tennessee, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Our Daily Bread of Tennessee, Inc.'s 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 September 30, 2023.

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 the 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 Our Daily Bread of Tennessee, 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 Our Daily Bread of Tennessee, 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, regulation, rules and provisions of contracts or grant agreements applicable to Our Daily Bread of Tennessee, 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 Our Daily Bread of Tennessee, 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 general 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 Our Daily Bread of Tennessee, 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 Our Daily Bread of Tennessee, 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 Our Daily Bread of Tennessee, 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 Our Daily Bread of Tennessee, 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.

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 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 the 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 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 have not been 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.

A handwritten signature in black ink that reads "Mitchell Emert & Hill". The script is cursive and fluid, with the ampersand clearly visible between the two names.

March 22, 2024

OUR DAILY BREAD OF TENNESSEE, INC.

FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2023

A. SUMMARY OF AUDIT RESULTS

1. The Independent Accountants' Audit Report expresses an unmodified opinion on the financial statements of Our Daily Bread of Tennessee, Inc.
2. No significant deficiencies or material weaknesses in internal control over financial reporting were disclosed.
3. No instances of noncompliance material to the financial statements were disclosed.
4. No significant deficiencies or material weaknesses in internal control over major federal programs were disclosed.
5. The Independent Accountants' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance expresses an unqualified opinion on Our Daily Bread of Tennessee, Inc.'s compliance with laws, regulations, contracts and grants applicable to its major federal programs.
6. No findings or questioned costs were disclosed which would be required to be reported in accordance with the Uniform Guidance (2 CFR 200.516(a)).
7. The following program was tested as a major program:

<u>Program Name</u>	<u>Assistance Listing Number</u>
Child and Adult Care Food Program	10.558

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Our Daily Bread of Tennessee, Inc. was determined not to be a low-risk auditee.

OUR DAILY BREAD OF TENNESSEE, INC.

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended September 30, 2023

There were no findings reported in the prior year.