Tri-County Community Council, Inc.

FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

CRI CARR RIGGS & INGRAM
CPAs and Advisors
CRIcpa.com

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September 30, 2019

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Board of Directors
Tri-County Community Council, Inc.
Bonifay, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Tri-County Community Council, Inc. (a nonprofit organization) (the "Agency"), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of September 30, 2019, 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.

Emphasis of Matter – New Accounting Standards

As discussed in Note 1 to the financial statements, management has adopted Financial Accounting Standards Board ASU 2016-14, Not-for-Profit Entities (Topic 958). This new standard requires changes to be made in how net assets are classified based on donor restrictions, and has added multiple new disclosures. Our opinion is not modified with respect to this matter.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.650, *Rules of the Auditor General* of the State of Florida are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2020, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 the effectiveness of the Agency'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 the Agency's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

January 6, 2020

September 30,		**2019**
Assets		
Current assets		
Cash and cash equivalents	$	1,592,091
Investments		1,443,779
Grants receivable		754,611
Accounts receivable		39,060
Total current assets		3,829,541
Property and equipment, net		1,665,037
Other assets		
Cash surrender value - annuity contract		396,102
Total assets	$	5,890,680
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$	94,844
Accrued liabilities		248,567
Total current liabilities		343,411
Net assets		
Without donor restrictions		5,547,269
Total liabilities and net assets	$	5,890,680

The accompanying "Notes to Financial Statements" form an integral part this statement.

Tri-County Community Council, Inc.
Statement of Activities
For the Year Ended September 30, 2019

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue			
Grants and contracts	$ 7,347,089	$ -	$ 7,347,089
Interest earned	29,597	-	29,597
Gain on annuities	27,567	-	27,567
Fundraising	9,970	-	9,970
Other income	335,853	-	335,853
Cash match	49,101	-	49,101
Donated services, materials, and facilities	143,422	-	143,422
Total support and revenue	7,942,599	-	7,942,599
Expenses			
Program services			
Transportation	2,801,881	-	2,801,881
Head Start	2,258,652	-	2,258,652
Low-Income Home Energy Assistance	1,410,545	-	1,410,545
Community Services Block Grant	596,880	-	596,880
Other Community Assistance	83,137	-	83,137
Extended Day	4,911	-	4,911
School Readiness	76,377	-	76,377
Support services			
Fundraising	6,570	-	6,570
Administration	1,027,044	-	1,027,044
Total expenses	8,265,997	-	8,265,997
Change in net assets	(323,398)	-	(323,398)
Net Assets - beginning	5,870,667	-	5,870,667
Net Assets - ending	$ 5,547,269	$ -	$ 5,547,269

The accompanying "Notes to Financial Statements" form an integral part this statement.

Tri-County Community Council, Inc.
Statement of Functional Expenses
For the Year Ended September 30, 2019

	Transportation	Head Start/ Early Head Start	Low-Income Home Energy Assistance
Salaries	$ 1,162,564	$ 1,359,468	$ 117,603
Employee health benefits	109,875	184,450	12,249
Payroll taxes and other fringe	168,871	203,772	18,388
Professional fees	-	30,567	-
Educational supplies	-	102,610	-
Food	-	99,356	-
Program services	-	-	1,220,264
Office supplies	9,541	6,845	2,847
Other supplies	378	-	-
Telephone	48,207	18,049	5,700
Postage and Xerox	5,139	182	6,110
Utilities	35,011	66,955	7,029
Rental and equipment maintenance	242,949	1,553	12,319
Travel	3,773	538	3,318
Training	2,730	35,648	2,046
Insurance	274,644	33,155	1,069
Miscellaneous	546,089	50,120	3
Printing	-	527	-
Total expenses before depreciation and amortization	2,609,771	2,193,795	1,408,945
Depreciation and amortization	192,110	64,857	1,600
Total expenses	$ 2,801,881	$ 2,258,652	$ 1,410,545

The accompanying "Notes to Financial Statements" form an integral part this statement.

Community Services Block Grant	Other Community Assistance	Extended Day	School Readiness	Total Program Services	General and Administration	Total 2019
$ 195,991	$ 40,664	$ -	$ 58,751	$ 2,935,041	$ 590,120	$ 3,525,161
18,458	5,987	-	3,206	334,225	67,272	401,497
30,825	6,446	-	8,642	436,944	85,366	522,310
-	-	-	107	30,674	55,382	86,056
-	-	-	-	102,610	-	102,610
-	-	-	-	99,356	-	99,356
189,959	7,247	-	-	1,417,470	-	1,417,470
3,418	288	-	3,042	25,981	14,096	40,077
-	-	-	-	378	-	378
5,546	12	-	444	77,958	11,047	89,005
2,702	-	-	-	14,133	6,227	20,360
6,089	1,887	-	1,539	118,510	9,848	128,358
16,473	20	-	263	273,577	32,508	306,085
10,547	559	-	316	19,051	3,321	22,372
7,738	175	-	-	48,337	13,396	61,733
4,176	706	1,070	-	314,820	15,038	329,858
90,354	18,428	3,841	67	708,902	90,178	799,080
33	35	-	-	595	1,806	2,401
582,309	82,454	4,911	76,377	6,958,562	995,605	7,954,167
14,571	683	-	-	273,821	38,009	311,830
$ 596,880	$ 83,137	$ 4,911	$ 76,377	$ 7,232,383	$ 1,033,614	$ 8,265,997

Statement of Cash Flows

Year ended September 30,		**2019**
Operating Activities		
Change in unrestricted net assets	$	(323,398)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		311,830
Loss on disposal of equipment		19,540
(Increase) decrease in operating assets:		
Accounts receivable - grants		68,394
Accounts receivable - other		22,685
Increase (decrease) in operating liabilities:		
Accounts payable		(6,011)
Accrued liabilities		29,694
Net cash provided by operating activities		122,734
Investing Activities		
Purchase of investments		(1,168,602)
Gain on annuities		(27,567)
Redeemed certificates of deposit		58,086
Purchase of property and equipment		(154,248)
Net cash used in investing activities		(1,292,331)
Net Decrease in Cash		(1,169,597)
Cash and Cash Equivalents - beginning		2,761,688
Cash and Cash Equivalents - ending	$	1,592,091

The accompanying "Notes to Financial Statements" form an integral part this statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Tri-County Community Council, Inc. (the "Agency") is a multi-funded, private, not-for-profit community based organization. The general purpose of this Agency is to provide stimulation and incentive for the counties of Bay, Holmes, Jackson, Okaloosa, Santa Rosa, Walton and Washington, Florida, and to combat poverty through community action programs and research projects in such fields as employment, job training and counseling, health, vocational rehabilitation, housing, home management, welfare, and special remedial and other non-curricular educational assistance.

Basis of Reporting

The Agency uses the accrual basis of accounting, which recognizes revenues when earned and expenses as incurred. Federal, state and local government and public grants are recorded as support when performance occurs under the terms of the grant agreements.

New Accounting Pronouncement

In 2016, the FASB issued Accounting Standards Update ("ASU") 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The Agency adopted the provisions of this new standard during the year ended September 30, 2019. The Agency has adjusted the presentation of its financial statements accordingly. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and availability of resources and related to functional allocation of expenses.

Recently Issued Accounting Standards

The Financial Accounting Standards Board (FASB) issued two Accounting Standard Updates that will affect the Agency's revenue recognition. The first, Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets (unless those contracts are within the scope of other standards). The core principle of this Update is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the good or services. This Update requires entities to make new judgements and estimates and provide expanded disclosures about revenue. The second, Accounting Standards Update No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, establishes standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions. The Agency plans to adopt both at the same time, because adopting one Update without the other would leave the accounting for some ongoing grants and contracts unresolved. The Updates are effective for the Agency's coming fiscal year. The Agency is currently evaluating the impact of the adoption of the new standards on the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

“The FASB Accounting Standards Codification” (“FASB ASC”) establishes the source of authoritative standards generally accepted in the United States of America (GAAP) recognized by the Financial Accounting Standards Board (FASB) to be applied by nongovernmental entities. The FASB amends the FASB ASC through Accounting Standards Updates (ASUs). We refer to ASCs and ASUs throughout these financial statements.

The financial statements of the Agency have been prepared on the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of the Agency's funds are included on the statement of financial position. The statement of activities presents increases (e.g., revenues and support) and decreases (e.g., expenses) in net assets. Generally, grant revenues are earned as qualified expenses are made and performance occurs.

The Agency reports deferred support, if applicable, on its statement of financial position. Deferred support arises when resources generated by exchange transactions are received by the Agency before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met, or when the Agency has a legal claim to the resources, the liability for deferred support is removed from the statement of financial position and revenue is recognized.

Tax Exempt Status

The Agency has been granted an exemption from income taxes under Internal Revenue Code Section 501(c)(3) as a non-profit corporation. As required by Internal Revenue Service regulations, the Agency annually files Form 990, "Return of Agency Exempt from Income Tax" with the Internal Revenue Service.

The Agency’s policy is to record interest and penalties related to taxes in interest expense on the financial statements; however, the Agency did not have any interest or penalties related to taxes in fiscal year 2019.

The Agency applies the accounting guidance for uncertainty in income taxes using the provisions of FASB ASC 740, *Income Taxes.* Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. Such tax positions initially and subsequently need to be measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and relevant facts. The Agency believes that it has appropriate support for the income tax positions taken and to be taken on its tax returns and that its accruals for tax liabilities are adequate for all open tax years (after 2015 for federal and state) based on an assessment of many factors including experience and interpretations of tax laws applied to the facts of each matter. The Agency has concluded that there are no significant uncertain tax positions requiring disclosure, and there are no material amounts of unrecognized tax benefits.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Agency considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Grants Receivable

Grants receivable represents pending reimbursements of program expenses incurred as of September 30, 2019 and 2018, both billed and unbilled, and expected to be received from the funding sources in the subsequent year. Management considers receivables at September 30, 2019 and 2018 to be fully collectible. Accordingly, no allowance for delinquent grants receivable was made in the accompanying financial statements.

Investments

The Agency's policy is to invest in short-term secure investments. The Board can approve investments that have a maturity date greater than one year.

Property and Equipment

It is the Agency's policy to capitalize fixed assets over $1,000. Lesser amounts are expensed. Purchased fixed assets are capitalized at cost. Donations of fixed assets are recorded as contributions at their estimated fair value. Fixed assets acquired with grant funds are capitalized and a corresponding contribution is recognized. Such items acquired under grants from federal and state sources are considered to be owned by the Agency while used in the programs for which they are purchased or in programs authorized in the future. However, the funding source has a reversionary interest in the property. The historical cost and book value of assets in which grantors hold a reversionary interest was $5,052,727 and $1,185,231, respectively at September 30, 2019. Fixed assets purchased or donated are depreciated based on estimated useful lives using the straight-line method as follows:

Buildings	40 Years
Land Improvements	15 Years
Office furniture and equipment	5-7 Years

Recognition of Grantor/Donor Restrictions

Support that is restricted by the grantor/donor is reported as an increase in net assets with donor restrictions, if the restriction expires in the reporting period in which the support is recognized.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services, Materials and Facilities

In accordance with FASB ASC 958-605, Revenue Recognition, the Agency recognizes donated services as contributions in the financial statements if such services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Agency. Donated services, materials and facilities are recorded at their estimated fair values.

Management Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Grants

All grants received are renewable on an annual basis and the Agency is dependent on these grants for continued activity.

Advertising Costs

Advertising costs are expensed as incurred, and are not considered material to the financial statements.

Net Assets

In accordance with ASU 2016-14, the Agency's net assets are classified as follows:

> Net assets without donor restrictions – represent net assets whose use is not restricted by donors, even though their use may be limited in other respects (such as by contract or board designation). Changes in net asset arising from exchange transactions are included, as well as resources derived from gifts. These resources are used at the discretion of the board of directors to meet current expenses for any purpose.
>
> Net assets with donor restrictions – represent net assets that are subject to donor-imposed stipulations. When a restriction expires, either by actions of the organization or the passage of time, net asset with donor restrictions are reclassified to net asset without restrictions and reported in the statement of activities as net assets released from restrictions. As of September 30, 2019 there were no net assets with donor restrictions.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Agency's policy is to first apply the expense towards restricted resources.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Costs that can be identified specifically with a particular program cost objective, and costs identified specifically with a grant or contract are charged directly to the activities benefited. General and administrative expenses include those expenses that provide for the overall support and direction of the Agency. Accordingly, shared costs have been allocated among the programs and supporting services benefited in accordance with a written cost allocation plan. Allocable salaries and wages, fringe benefits, travel costs and training/conferences/seminars, are allocated based on time and effort documented through time sheets. Non-program related postages, audit fees, office and miscellaneous supplies, and audit fees are allocated based on the number of transactions. Non-program related printing, general and liability insurance, telephone and utility expenses are allocated based on the number of employees employed by a program.

Subsequent Events

Management has evaluated subsequent events through January 6, 2020 which is the date the financial statements were available to be issued.

NOTE 2 – CONCENTRATION OF CREDIT RISK

Funding

The Agency provides community services to seven counties in the northwestern portion of the State of Florida and requires continued support from individuals and organizations in this geographic area. The Agency receives the majority of its funding from federal and state grants and is dependent on this revenue source for continued operations.

Cash

The Agency from time to time keeps amounts in excess of the Federal Deposit Insurance Corporation (FDIC) maximum coverage. The Agency manages these risks by maintaining all deposits in high quality financial institutions.

Annuities

In September 2018, the Agency acquired two annuities of $200,000 each, totaling $400,000, from Athene Annuity & Life Insurance Co. Athene Annuity & Life Insurance Co has an A (Excellent) rating from A.M. Best Ratings Services Inc. One of the annuities matures in September 2021 (3 years) with a fixed interest rate of 2.75% and the second annuity matures in September 2023 (5 years) with a fixed interest rate of 3.35%. The annuities are reported as other assets in the financial statements at their surrender value of $396,102.

NOTE 3 – INVESTMENTS

Investments are measured and recorded at fair value and have been categorized based upon the fair value hierarchy for the year ended September 30, 2019.

Investments consist of $1,176,852 of US Government Bonds and $266,927 in certificates of deposit as of September 30, 2019.

Fair Value Measurements

US GAAP defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market.

Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, established that the fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value as follows:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities the Organization has the ability to access.
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability that are supported by little or no market activity and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

In some cases, inputs used to measure fair value might fall in different levels of the fair value hierarchy. In such cases, the level within which the asset falls is determined based on the lowest level input that is significant to the asset in its entirety. Assessing the significance of a particular input to the asset in its entirety requires judgment and considers factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Agency's perceived risk of liquidity for that asset.

The majority of the investments held by the Agency have been classified within Level 1.

NOTE 3 – INVESTMENTS (Continued)

The following tables present the fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of September 30, 2019:

Fair Value Measurements
As of September 30, 2019

Investment Type	Level 1	Level 2	Level 3	Total
Government bonds	$ 1,176,852	$ -	$ -	$ 1,176,852
Certificates of deposit				266,927
Total investments				$ 1,443,779

NOTE 4 – GRANTS RECEIVABLE

Grants receivable consists of the following:

September 30,	**2019**
Florida Department of Transportation	$ 155,093
CSBG	67,445
Head Start/Early Head Start	79,963
LIHEAP	225,257
Development Service	33,596
USDA	42,862
Trip Equipment	139,231
School Readiness	11,164
	$ 754,611
	-

NOTE 5 – ACCOUNTS RECEIVABLE

Accounts receivable – other consists of the following:

September 30,	**2019**
Transportation services	$ 37,656
Service Development DOT	886
Miscellaneous	518
	$ 39,060

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

September 30,		**2019**
Property and equipment:		
Vehicles	$	2,631,609
Buildings		2,475,710
Computers and equipment		531,266
Land improvements		169,894
Land		33,842
		5,842,321
Less: accumulated depreciation		(4,177,284)
Property and equipment, net	$	1,665,037

Depreciation expense for the year ended September 30, 2019 was $311,830.

NOTE 7 – ACCRUED LIABILITIES

Accrued liabilities consist of the following:

September 30,		**2019**
Wages payable	$	105,152
Accrued insurance		56,296
Accrued leave		67,254
Accrued other		19,865
	$	248,567

NOTE 8 – RETIREMENT PLAN

The Agency offers a 403(b) tax sheltered plan to all eligible employees and currently makes matching contributions up to 5% of the gross wages of eligible employees. Total contributions made by the Agency into the plan on behalf of the employees for the year ended September 30, 2019, was $88,420.

NOTE 9 – DONATED SERVICES, MATERIALS, AND FACILITIES

Significant services, materials, and facilities are donated to the Agency by various individuals and organizations as part of its Head Start, Community Services Block Grant, and the Transportation program. Donated materials and facilities were recorded at fair market value at the date of donation, and have been included in revenue and expenses for the year. Donated professional services are valued based on the fair market value of the services donated. Donated non-professional services have not been recognized in the statement of activities in accordance with FASB ASC 958-605. The non-professional services reported below are based on time sheets maintained on the volunteers, using reasonable rates. Donated materials, facilities, and services are as follows for the year ended September 30, 2019:

	Head Start	CSBG	Transportation	Total
Facilities	$ -	$ 15,874	$ 43,076	$ 58,950
Professional services	2,391	-	-	2,391
Supplies and others	10,097	71,984	-	82,081
Total recognized in Statement of Activities	12,488	87,858	43,076	143,422
Non-professional services	232,746	6,937	16,848	256,531
Total donations	$ 245,234	$ 94,795	$ 59,924	$ 399,953

NOTE 10 – COMPENSATED ABSENCES

Annual Leave – All full-time employees are eligible for annual leave benefits based upon the employee's years of service. Employees are not allowed to carryover unused annual leave. Employees terminated shall be paid for any accrued annual leave up to 80 hours. Part-time employees (less than 40 hours per week) receive annual leave on a pro-rated percentage according to the hours paid the previous year.

Full-time employees receive accumulated annual leave as follows:

6 months of service	1 week leave
3 years of service	2 weeks leave
5 years of service	3 weeks leave
10 years of service and over	4 weeks leave

Sick Leave – All full-time employees will receive 5% of total hours per bi-weekly pay period in sick leave. Employees are allowed to accumulate unused sick leave with no ceiling.

In accordance with the above criteria, the Agency has accrued a liability for annual leave and has not recorded a liability for sick leave, which has been earned, but not taken. Annual leave liability as of September 30, 2019 is $67,254, and is included in accrued liabilities.

NOTE 11 – CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government and state grantors. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Agency expects such amounts, if any, to be immaterial. Various legal claims may arise from time to time in the normal course of operations which, in the opinion or management, will have no material effect on the Agency's financial statements.

NOTE 12 – RISK MANAGEMENT

The Agency is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, injuries to employees, employee's health insurance and life, and natural disasters. The Agency manages these risks of loss through the purchase of various insurance policies.

NOTE 13 – LIQUIDITY

The Agency has structured its financial assets to be available for its general expenditures and other obligations as they come due. Management invests cash in excess of daily requirements in highly liquid money market funds. Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use within one year of the statement of financial position date, comprise the following:

September 30,	**2019**
Cash and cash equivalents	$ 1,592,091
Investments	1,443,779
Grants receivable	754,611
Other receivables	39,060
	$ 3,829,541

NOTE 14 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 6, 2020, the date these financial statements were available to be issued.

Tri-County Community Council, Inc.
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Pass-Through Grantor No.	Subrecipient	Expenditures
Federal Expenditures				
U.S. Department of Transportation				
Passed through Florida Department of Transportation				
Formula Grants for Rural Areas	20.509	G0Z62	$ -	$ 500,000
Passed through Santa Rosa County Board of County Commissioners				
Formula Grants for Other Than Urbanized Areas	20.509	G0P17	-	14,527
Formula Grants for Other Than Urbanized Areas	20.509	G0Z61	-	89,897
Total U.S. Department of Transportation/ Subtotal for 20.509			-	604,424
U.S. Department of Health and Human Services				
Direct programs:				
Head Start/Early Head Start	93.600	04CH010733-01	-	1,885,302
Head Start/Early Head Start	93.600	04CH4685/05	-	535,622
Total direct programs/Subtotal for 93.600			-	2,420,924
Passed through Florida Department of Economic Opportunity				
Community Services Block Grant	93.569	17SB-0D-12-00-04-127	-	620,092
Low Income Home Energy Assistance	93.568	17EA-0F-12-00-04-030	-	1,502,964
Total pass-through			-	2,123,056
Total U.S. Department of Health and Human Services			-	4,543,980
U.S. Department of Agriculture				
Passed through Florida Department of Health				
Child and Adult Care Food Program	10.558	S-728	-	197,876
Total Federal Expenditures			$ -	$ 5,346,280

See the independent auditors' report and accompanying notes to the schedule of expenditures of federal awards and state financial assistance.

Tri-County Community Council, Inc.
Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
For the Year Ended September 30, 2019

State Grantor/Program Title	CSFA No.	Number	Subrecipient	Expenditures
Expenditures of State Financial Assistance				
State of Florida Department of Transportation				
Direct programs: Commission for Transportation				
Disadvantaged (CTD) Trip and Equipment				
Equipment Grant Program	55.001	G0X32	$ -	$ 497,847
Equipment Grant Program	55.001	G0X70	-	321,425
Equipment Grant Program	55.001	G0X59	-	353,446
Equipment Grant Program	55.001	G1A33	-	111,818
Equipment Grant Program	55.001	G1A70	-	101,364
Equipment Grant Program	55.001	G1A60	-	92,845
Trip Equipment and Administrative Support Grant	55.001	G0Y12	-	39,750
Trip Equipment and Administrative Support Grant	55.001	G0Y49	-	20,732
Trip Equipment and Administrative Support Grant	55.001	G0Y39	-	22,956
Total direct program/Subtotal for 55.001				1,562,183
Passed through Holmes County Board of				
County Commissioners				
Service Development-Maintenance Software	55.012	G1301		20,679
Total Florida Department of Transportation			-	1,582,862
Total Expenditures of State Financial Assistance			$ -	$ 1,582,862

See the independent auditors' report and accompanying 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) summarizes the federal expenditures of the Agency under programs of the federal government and state project expenditures under the state of Florida for the year ended September 30, 2019. The amounts reported as federal and state grant expenditures were obtained from the Agency's general ledger. Because the Schedule presents only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position, changes in net assets and cash flows of the Agency.

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly with the federal government and other pass through entities. Payments received for goods or services provided as a vendor do not constitute federal awards for purposes of the Schedule. The Agency has obtained Catalog of Federal Domestic Assistance (CFDA) numbers and Catalog of State Financial Assistance (CSFA) numbers to ensure that all programs have been identified in the Schedule. Federal programs with different CFDA numbers that are closely related because they share common compliance requirements are defined as a cluster by the Uniform Guidance. No clusters are identified in the SEFA.

NOTE 2 – RELATIONSHIP OF THE SCHEDULE TO PROGRAM FINANCIAL REPORTS

The amounts reflected in the financial reports submitted to the awarding federal, state and/or pass-through agencies and the Schedule may differ. Some of the factors that may account for any difference include the following:

- The Agency's fiscal year end may differ from the program's year end.
- Accruals recognized in the Schedule, because of year end procedures, may not be reported in the program financial reports until the next program reporting period.
- Fixed asset purchases and the resultant depreciation charges are recognized as fixed assets in the Agency's financial statements and as expenditures in the program financial reports and the Schedule.

NOTE 3 – FEDERAL AND STATE PASS-THROUGH FUNDS

The Agency is also the sub-recipient of federal and state funds that have been subjected to testing and are reported as expenditures and listed as federal or state pass-through funds. Federal awards and state financial assistance other than those indicated as "pass-through" are considered direct.

NOTE 4 – BASIS OF ACCOUNTING

This Schedule was prepared on the modified accrual basis of accounting. The modified accrual basis differs from the full accrual basis of accounting in that expenditures for property and equipment are expensed when incurred, rather than being capitalized and depreciated over their useful lives, and expenditures for the principal portion of debt service are expensed when incurred, rather than being applied to reduce the outstanding principal portion of debt, which conforms to the basis of reporting to grantors for reimbursement under the terms of the Agency's federal grants.

NOTE 5 – CONTINGENCIES

Grant monies received and disbursed by the Agency are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the Agency does not believe that such disallowance, if any, would have a material effect on the financial position of the Agency. As of September 30, 2019, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

NOTE 6 – NONCASH ASSISTANCE

The Agency did not receive any federal noncash assistance for the fiscal year ending September 30, 2019.

NOTE 7 – INDIRECT COST

The Agency has not elected to use the 10% de Minimis indirect cost rate for the fiscal year ending September 30, 2019.

NOTE 8 – SUBRECIPIENTS

The Agency did not provide federal or state funds to subrecipients for the fiscal year ending September 30, 2019.

NOTE 9 – LOANS AND LOAN GUARANTEES

The Agency did not have any loans or loan guarantee programs required to be reported on the schedule for the fiscal year ending September 30, 2019.

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

Board of Directors
Tri-County Community Council, Inc.
Bonifay, Florida

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 Council, Inc. (a nonprofit organization), (the "Agency"), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 6, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 the Agency'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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

January 6, 2020

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Board of Directors
Tri-County Community Council, Inc.
Bonifay, Florida

Report on Compliance for Each Major Federal Program and Each Major State Project

We have audited Tri-County Community Council, Inc.'s (the "Agency's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the Department of Financial Services State Projects Compliance Supplement that could have a direct and material effect on each of the Agency's major federal programs and major state projects for the year ended September 30, 2019. The Agency's major federal programs and major state projects 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 and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs and major state projects 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) and Chapter 10.650, Rules of the Auditor General of the State of Florida. Those standards, the Uniform Guidance and Chapter 10.650 of the Rules of the Auditor General 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 or major state project occurred. An audit includes examining, on a test basis, evidence about the Agency'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 and major state project. However, our audit does not provide a legal determination of the Agency's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, the Agency 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 and major state projects for the year ended September 30, 2019.

Report on Internal Control Over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and major state project 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 major state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, Rules of the Auditor General of the State of Florida, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 and Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

January 6, 2020

Section I - Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	None noted
c. Noncompliance material to the financial statements noted?	No

Federal Awards

1. Type of auditors' report issued on compliance for major programs	Unmodified
2. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	None noted
3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)?	None noted
4. Identification of major programs	

CFDA Number	Federal Program
93.600	Head Start

5. Dollar threshold used to distinguish between type A and type B programs	$750,000
6. Auditee qualified as low-risk under 2CFR 200.520	Yes

State Projects

1. Type of auditors' report issued on compliance for major programs	Unmodified
2. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	None noted
3. Any audit findings disclosed that are required to be reported in accordance with Florida Single Audit Act?	None noted
4. Identification of major programs	

CFSA Number	Federal Program
55.001	Commission for Transportation Disadvantaged (CTD) Trip and Equipment Grant Program

5. Dollar threshold used to distinguish between type A and type B programs	$474,859

Section II – Financial Statement Findings

No such findings noted.

Section III – Federal Award Findings and Questioned Costs

No such findings noted.

Section IV – State Project Findings and Questioned Costs

No such findings noted.

Section V – Management Letter

There were no such findings related to State Awards reported in the current year and, as such, no management letter was issued.