

**Tri-County Community  
Council, Inc.**

**FINANCIAL STATEMENTS**

**For the Year Ended September 30, 2020**



**CRI** CARR  
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**Tri-County Community Council, Inc.**  
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**September 30, 2020**

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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, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management’s Responsibility for the Financial Statements***

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

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

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

## **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, 2020, 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.

## **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 December 16, 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

December 16, 2020

**Tri-County Community Council, Inc.**  
**Statement of Financial Position**

<i>September 30,</i>	<b>2020</b>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 1,734,197
Investments	945,160
Grants receivable	1,136,864
Accounts receivable	41,240
<hr/>	
Total current assets	3,857,461
<hr/>	
Property and equipment, net	1,819,173
<hr/>	
Other assets	
Cash surrender value - annuity contract	415,338
<hr/>	
Total assets	\$ 6,091,972
<hr/> <hr/>	
<b>Liabilities and Net Assets</b>	
Current liabilities	
Accounts payable	\$ 135,849
Accrued liabilities	313,211
<hr/>	
Total current liabilities	449,060
<hr/>	
Net assets	
Without donor restrictions	5,642,912
<hr/>	
Total liabilities and net assets	\$ 6,091,972
<hr/> <hr/>	

*The accompanying notes are an integral part these financial statements.*

**Tri-County Community Council, Inc.**  
**Statement of Activities**  
**For the Year Ended September 30, 2020**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<b>Support and Revenue</b>			
Grants and contracts	\$ 7,785,772	\$ -	\$ 7,785,772
Interest earned	31,765	-	31,765
Gain on annuities	19,236	-	19,236
Fundraising	4,028	-	4,028
Other income	234,952	-	234,952
Cash match	85,488	-	85,488
Donated services, materials, and facilities	134,366	-	134,366
<b>Total support and revenue</b>	<b>8,295,607</b>	<b>-</b>	<b>8,295,607</b>
<b>Expenses</b>			
Program services			
Transportation	2,368,802	-	2,368,802
Head Start	2,271,073	-	2,271,073
Low-Income Home Energy Assistance	1,554,823	-	1,554,823
Community Services Block Grant	834,207	-	834,207
Other Community Assistance	81,211	-	81,211
Extended Day	1,225	-	1,225
School Readiness	76,948	-	76,948
Support services			
Fundraising	8,868	-	8,868
Administration	1,002,807	-	1,002,807
<b>Total expenses</b>	<b>8,199,964</b>	<b>-</b>	<b>8,199,964</b>
Change in net assets	95,643	-	95,643
<b>Net Assets - beginning</b>	<b>5,547,269</b>	<b>-</b>	<b>5,547,269</b>
<b>Net Assets - ending</b>	<b>\$ 5,642,912</b>	<b>\$ -</b>	<b>\$ 5,642,912</b>

*The accompanying notes are an integral part these financial statements.*

**Tri-County Community Council, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended September 30, 2020**

	Transportation	Head Start/ Early Head Start	Low-Income Home Energy Assistance
Salaries	\$ 1,005,911	\$ 1,289,787	\$ 114,378
Employee health benefits	110,359	203,283	14,817
Payroll taxes and other fringe	156,890	195,907	18,859
Professional fees	-	20,007	-
Educational supplies	-	108,704	-
Food	-	70,719	-
Program services	-	-	1,349,360
Office supplies	40,141	44,220	4,721
Other supplies	13,141	-	-
Telephone	49,250	26,906	5,724
Postage and Xerox	4,243	36	6,229
Utilities	33,623	65,821	7,649
Rental and equipment maintenance	209,184	38,141	20,776
Travel	2,737	162	3,724
Training	1,055	34,952	1,035
Insurance	323,067	25,130	979
Miscellaneous	259,283	88,382	4,732
Printing	498	130	-
<b>Total expenses before depreciation and amortization</b>	<b>2,209,382</b>	<b>2,212,287</b>	<b>1,552,983</b>
<b>Depreciation and amortization</b>	<b>159,420</b>	<b>58,786</b>	<b>1,840</b>
<b>Total expenses</b>	<b>\$ 2,368,802</b>	<b>\$ 2,271,073</b>	<b>\$ 1,554,823</b>

*The accompanying notes are an integral part these financial statements.*

<b>Community Services Block Grant</b>	<b>Other Community Assistance</b>	<b>Extended Day</b>	<b>School Readiness</b>	<b>Total Program Services</b>	<b>General and Administration</b>	<b>Total 2020</b>
\$ 193,925	\$ 49,188	\$ -	\$ 55,358	\$ 2,708,547	\$ 602,201	\$ 3,310,748
23,207	8,020	-	5,590	365,276	76,225	441,501
32,980	8,269	-	8,581	421,486	109,587	531,073
-	-	-	-	20,007	53,189	73,196
-	-	-	-	108,704	-	108,704
-	-	-	-	70,719	-	70,719
407,366	7,491	-	-	1,764,217	-	1,764,217
7,323	535	-	2,013	98,953	24,197	123,150
-	-	-	-	13,141	-	13,141
7,060	-	-	454	89,394	13,395	102,789
3,651	264	-	-	14,423	5,636	20,059
6,036	1,538	-	1,190	115,857	9,906	125,763
35,497	23	14	743	304,378	19,674	324,052
5,469	40	-	-	12,132	1,763	13,895
2,282	-	-	-	39,324	3,414	42,738
2,008	66	-	-	351,250	14,899	366,149
90,103	5,069	1,211	2,975	451,755	30,522	482,277
166	25	-	44	863	1,626	2,489
817,073	80,528	1,225	76,948	6,950,426	966,234	7,916,660
17,134	683	-	-	237,863	45,441	283,304
<b>\$ 834,207</b>	<b>\$ 81,211</b>	<b>\$ 1,225</b>	<b>\$ 76,948</b>	<b>\$ 7,188,289</b>	<b>\$ 1,011,675</b>	<b>\$ 8,199,964</b>



**Tri-County Community Council, Inc.**  
**Statement of Cash Flows**

<i>Year ended September 30,</i>	<b>2020</b>
<b>Operating Activities</b>	
Change in unrestricted net assets	\$ 95,643
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	283,304
(Increase) decrease in operating assets:	
Accounts receivable - grants	(382,253)
Accounts receivable - other	(2,180)
Increase (decrease) in operating liabilities:	
Accounts payable	41,005
Accrued liabilities	64,644
Net cash provided by operating activities	100,163
<b>Investing Activities</b>	
Purchase of investments	(198,103)
Gain on annuities	(19,236)
Matured investments	696,722
Purchase of property and equipment	(437,440)
Net cash provided by investing activities	41,943
<b>Net Increase in Cash</b>	<b>142,106</b>
<b>Cash and Cash Equivalents - beginning</b>	<b>1,592,091</b>
<b>Cash and Cash Equivalents - ending</b>	<b>\$ 1,734,197</b>

*The accompanying notes are an integral part these financial statements.*

## Tri-County Community Council, Inc. Notes to Financial Statements

### **Note 1: DESCRIPTION OF THE 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.

### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Basis of Accounting***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs). Federal, state and local government and public grants are recorded as support when performance occurs under the terms of the grant agreements.

#### ***Use of Estimates***

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### ***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, 2020, both billed and unbilled, and expected to be received from the funding sources in the subsequent year. Management considers receivables at September 30, 2020 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.

**Tri-County Community Council, Inc.**  
**Notes to Financial Statements**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Property and Equipment***

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method. Estimated useful lives used in computing depreciation are as follows:

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

Although grantor agencies may hold a revisionary interest in these assets, title rests with the Agency. The historical cost and book value of assets in which grantors hold a reversionary interest was \$5,123,795 and \$1,293,582, respectively at September 30, 2020.

***Net Assets***

The Agency reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

**Tri-County Community Council, Inc.**  
**Notes to Financial Statements**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Revenue Recognition***

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

A portion of the Agency's revenue is derived from cost-reimbursement federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amount received are recognized as revenue when the Agency has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Agency had no refundable advances reported at September 30, 2020.

***Donated Assets***

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

***Donated Services***

Donated services are recognized as contributions if the 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. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

***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.

**Tri-County Community Council, Inc.**  
**Notes to Financial Statements**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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.

***Income Taxes***

Under section 501(c)(3) of the Internal Revenue Code, the Agency is exempt from taxes on income other than unrelated business income. Unrelated business income results from rent, administration of self-insurance activities, and commissions.

The Agency utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (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 positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of September 30, 2020, the Agency has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements. The Organization believes it is no longer subject to income tax examinations for years prior to 2015.

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 16, 2020. See Note 15 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

***Newly Adopted Financial Accounting Pronouncement***

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

This new guidance is effective for transactions in which an organization serves as a resource recipient for fiscal years beginning after December 15, 2018. Effective October 1, 2019, the Agency applied the provisions of this ASU on a modified prospective basis, which did not result in material impact to the financial statements.

**Tri-County Community Council, Inc.**  
**Notes to Financial Statements**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Recently Issued Accounting Standards***

The Financial Accounting Standards Board (FASB) issued an Accounting Standard Update that will affect the Agency's revenue recognition. 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. Topic 606 is effective for the Agency's coming fiscal year. The Agency is currently evaluating the impact of the adoption of the new standard on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Agency is currently evaluating the impact of the guidance on its financial statements.

**Note 3: LIQUIDITY**

The Agency maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure the funds are available as the Agency's expenditures and obligations come due. The Agency's liquidity goal is generally to maintain current financials at a minimum of 90 days of operating expenses, exclusive of certain grant expenses which are funded immediately upon disbursement. 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:

<i>September 30,</i>	<b>2020</b>
Cash and cash equivalents	\$ 1,734,197
Investments	945,160
Grants receivable	1,136,864
Other receivables	41,240
	\$ 3,857,461

**Tri-County Community Council, Inc.**  
**Notes to Financial Statements**

**Note 4: GRANTS RECEIVABLE**

Grants receivable consists of the following:

<u>September 30,</u>	<u>2020</u>
Florida Department of Transportation	\$ 315,182
CSBG	174,360
Head Start/Early Head Start	126,375
LIHEAP	121,969
USDA	10,447
North Florida AAA	334,469
Trip Equipment	54,062
	\$ 1,136,864

**Note 5: ACCOUNTS RECEIVABLE**

Accounts receivable – other consists of the following:

<u>September 30,</u>	<u>2020</u>
Transportation services	\$ 17,119
Head Start/ Early Head Start	5,099
LIHEAP	1,333
Service Development DOT	10,367
CSBG	2,124
Miscellaneous	5,198
	\$ 41,240

**Note 6: INVESTMENTS**

Investments consist of \$672,703 of US Government Bonds and \$272,457 in certificates of deposit as of September 30, 2020.

**Tri-County Community Council, Inc.**  
**Notes to Financial Statements**

**Note 7: PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

<i>September 30,</i>	<b>2020</b>
Property and equipment:	
Vehicles	\$ 2,674,364
Buildings	2,525,918
Computers and equipment	600,754
Land improvements	169,894
Land	33,842
	6,004,772
Less: accumulated depreciation	(4,185,599)
<b>Property and equipment, net</b>	<b>\$ 1,819,173</b>

Depreciation expense for the year ended September 30, 2020 was \$283,304.

**Note 8: ACCRUED LIABILITIES**

Accrued liabilities consist of the following:

<i>September 30,</i>	<b>2020</b>
Wages payable	\$ 143,041
Accrued insurance	53,625
Accrued leave	80,115
Accrued other	36,430
	\$ 313,211
	313,211

**Note 9: 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.



**Tri-County Community Council, Inc.**  
**Notes to Financial Statements**

**Note 9: COMPENSATED ABSENCES (Continued)**

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, 2020 is \$80,115, and is included in accrued liabilities.

**Note 10: 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, 2020:

	<b>Head Start</b>	<b>CSBG</b>	<b>Transportation</b>	<b>Total</b>
Facilities	\$ -	\$ 66,460	\$ 43,076	\$ 109,536
Professional services	-	-	-	-
Supplies and others	7,679	17,151	-	24,830
Total recognized in Statement of Activities	7,679	83,611	43,076	134,366
Non-professional services	174,317	4,189	14,428	192,934
<b>Total donations</b>	<b>\$ 181,996</b>	<b>\$ 87,800</b>	<b>\$ 57,504</b>	<b>\$ 327,300</b>

## Tri-County Community Council, Inc. Notes to Financial Statements

### Note 11: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

*Level 1:* Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

*Level 2:* Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
  - observable; or
  - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3:* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2020.

*Government bonds:* Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

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

The following tables present the fair value hierarchy for those assets measured at fair value on a recurring basis as of September 30, 2020:

**Tri-County Community Council, Inc.**  
**Notes to Financial Statements**

**Note 11: FAIR VALUE MEASUREMENTS (Continued)**

**Fair Value Measurements**  
**As of September 30, 2020**

Investment Type	Level 1	Level 2	Level 3	Total
Government bonds	\$ 672,703	\$ -	\$ -	\$ 672,703
Certificates of deposit				272,457
<b>Total investments</b>				<b>\$ 945,160</b>

**Note 12: 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 \$415,338.

**Note 13: 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.

**Tri-County Community Council, Inc.**  
**Notes to Financial Statements**

**Note 14: 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 15: SUBSEQUENT EVENTS**

Subsequent events have been evaluated through December 16, 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, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Pass-Through Grantor No.	Subrecipient	Expenditures
<b>Federal Expenditures</b>				
<b>U.S. Department of Transportation</b>				
Passed through Florida Department of Transportation				
Bus and Bus Facilities Formula Grant**	20.526	NOGA2019	\$ -	\$ 309,656
Formula Grants for Rural Areas Urbanized (Rural) Areas	20.509	G1D32	-	500,000
Formula Grants for Other Than Urbanized (Rural) Areas	20.509	G1M23	-	390,248
Passed through Santa Rosa County Board of County Commissioners				
Formula Grants for Other Than Urbanized Areas	20.509	G1D42	-	125,000
Formula Grants for Other Than Urbanized Areas	20.509	G1M17	-	72,577
Subtotal for 20.509				1,087,825
Total U.S. Department of Transportation				- 1,397,481
<b>U.S. Department of Health and Human Services</b>				
Direct programs:				
Head Start/Early Head Start*	93.600	04CH010733-01	-	393,389
COVID-19 Head Start/Early Head Start*	93.600	COVID-19 04CH010733-02	-	86,137
Head Start/Early Head Start*	93.600	04CH010773-02	-	1,859,781
Total direct programs/Subtotal for 93.600/ Head Start Cluster				- 2,339,307
Passed through Florida Department of Economic Opportunity				
COVID-19 Low Income Home Energy Assistance				
Assistance	93.568	COVID-19 17EA-0F-12-00-04-030	-	206,587
Low Income Home Energy Assistance	93.568	17EA-0F-12-00-04-030	-	1,453,053
Subtotal for 93.568				- 1,659,640
COVID-19 Community Services Block Grant	93.569	COVID-19 17SB-0D-12-00-04-127	-	114,813
Community Services Block Grant	93.569	17SB-0D-12-00-04-127	-	740,106
Passed through Florida Department of Economic Opportunity & Capital Area Community				
Community Services Block Grant	93.569	N/A	-	25,476
Subtotal for 93.569				880,395
Total pass-through				- 2,540,035
Total U.S. Department of Health and Human Services				- 4,879,342
<b>U.S. Department of Agriculture</b>				
Passed through Florida Department of Health				
Child and Adult Care Food Program	10.558	S-728	-	132,602
<b>Total Federal Expenditures</b>			\$ -	\$ 6,409,425

\* Head Start Cluster

\*\*Federal Transit Cluster

*See independent auditor's 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, 2020**

State Grantor/Program Title	CSFA No.	Number	Subrecipient	Expenditures
<b>Expenditures of State Financial Assistance</b>				
<b>State of Florida Department of Transportation</b>				
Direct programs: Commission for Transportation				
Disadvantaged (CTD) Trip and Equipment				
Equipment Grant Program	55.001	G1N95	\$ -	\$ 87,708
Equipment Grant Program	55.001	G1O54	-	68,810
Equipment Grant Program	55.001	G1O27	-	74,797
Equipment Grant Program	55.001	G1A33	-	300,534
Equipment Grant Program	55.001	G1A70	-	252,341
Equipment Grant Program	55.001	G1A60	-	282,180
Total direct program/Subtotal for 55.001				1,066,370
Total Florida Department of Transportation				- 1,066,370
<b>Total Expenditures of State Financial Assistance</b>			<b>\$ -</b>	<b>\$ 1,066,370</b>

*See independent auditor's report and accompanying notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance.*

**Tri-County Community Council, Inc.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**and State Financial Assistance**

**Note 1: 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 2: INDIRECT COST**

The Agency has not elected to use the 10% de Minimis indirect cost rate for the fiscal year ending September 30, 2020.

**Note 3: 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, 2020. 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.

**Clusters**

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. Head Start/Early Head Start (CFDA 93.600) is reported as the Head Start Cluster and the Bus and Bus Facilities Formula Program (CFDA 20.526) is reported as the Federal Transit Cluster in the Schedule.

**Tri-County Community Council, Inc.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**and State Financial Assistance**

**Note 4: 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 5: 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 6: 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, 2020, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

**Note 7: NONCASH ASSISTANCE**

The Agency did not receive any federal noncash assistance for the fiscal year ending September 30, 2020.

**Note 8: SUBRECIPIENTS**

The Agency did not provide federal or state funds to subrecipients for the fiscal year ending September 30, 2020.



**Tri-County Community Council, Inc.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**and State Financial Assistance**

**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, 2020.

**Note 10: FEDERALLY FUNDED INSURANCE**

The Agency did not have any federally funded insurance required to be reported on the Schedule for the fiscal year ended September 30, 2020.

**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, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 16, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 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.

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

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

Enterprise, Alabama

December 16, 2020

**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, 2020. 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 program and major state project for the year ended September 30, 2020.

### ***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 or state project 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 or state project 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 or state project 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.

***Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and Chapter 10.650, Rules of the Auditor General.***

We have audited the financial statements of the Agency as of and for the year ended September 30, 2020, and have issued our report thereon dated December 16, 2020, which contained an unmodified opinion on those financial statements. 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 is presented for purposes of additional analysis as required by the Uniform Guidance and Chapter 10.650, Rules of the Auditor General 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 and state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

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

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

Enterprise, Alabama

December 16, 2020

**Tri-County Community Council, Inc.**  
**Schedule of Findings and Questioned Costs**

**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
93.568	Low-Income Home Energy Assistance

- |  |           |
|--|-----------|
| 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 | \$106,637 |
|--|-----------|

**Tri-County Community Council, Inc.  
Schedule of Findings and Questioned Costs**

**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.