

AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

COMMUNITY DEVELOPMENT CENTER

(A NOT-FOR-PROFIT CORPORATION)

June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Community Development Center
Shelbyville, Tennessee

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Community Development Center (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Development Center as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community Development Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Community Development Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Development Center's ability to continue as a going concern for a reasonable period of time.

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance on page 18 and the Directory of Officials on page 20 are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards and state financial assistance 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.

The Directory of Officials has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2022, on our consideration of Community Development Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Community Development Center'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 Community Development Center's internal control over financial reporting and compliance.

Winnett Associates, PLLC

Shelbyville, Tennessee
December 7, 2022

STATEMENT OF FINANCIAL POSITION
COMMUNITY DEVELOPMENT CENTER

June 30, 2022

| <u>ASSETS</u> | |
|--|---------------------|
| <u>CURRENT ASSETS</u> | |
| Cash for general use - Note C | \$ 855,213 |
| Certificates of deposit - Note C | 533,494 |
| Unconditional promises to give - Note E | 92,852 |
| Accounts receivable-net of allowance for doubtful accounts | 547,760 |
| Interest receivable | 500 |
| Prepaid expenses | 9,966 |
| TOTAL CURRENT ASSETS | <u>2,039,785</u> |
| PROPERTY AND EQUIPMENT - Note F | 373,135 |
| TOTAL ASSETS | <u>\$ 2,412,920</u> |
| <u>LIABILITIES AND NET ASSETS</u> | |
| <u>CURRENT LIABILITIES</u> | |
| Accounts payable | \$ 84,797 |
| Payroll liabilities | 75,645 |
| Accrued leave - Note H | 37,688 |
| TOTAL LIABILITIES | <u>198,130</u> |
| <u>NET ASSETS</u> | |
| Without donor restrictions | \$ 2,086,814 |
| With donor restrictions | 127,976 |
| TOTAL NET ASSETS | <u>2,214,790</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 2,412,920</u> |

The accompanying notes are an integral part of this financial statement.

STATEMENT OF ACTIVITIES
COMMUNITY DEVELOPMENT CENTER

Year ended June 30, 2022

| | Without Donor Restrictions | With Donor Restrictions | TOTAL |
|--|----------------------------------|-------------------------------|---------------------|
| SUPPORT, REVENUE, AND GAINS: | | | |
| Grants | \$ 1,632,788 | \$ - | \$ 1,632,788 |
| City and County | 4,063 | 70,048 | 74,111 |
| In-kind - Note I | 80,589 | | 80,589 |
| Organizational contributions | 23,240 | 13,260 | 36,500 |
| Individual contributions | 14,755 | | 14,755 |
| Autism services | 457,374 | | 457,374 |
| Employment and Community First Choices | 72 | | 72 |
| Employment services | 19,700 | | 19,700 |
| Special events | 49,254 | 44,668 | 93,922 |
| Interest income | 4,329 | | 4,329 |
| Miscellaneous | 70 | | 70 |
| Net assets released from restrictions: | | | |
| Contributions - released from restrictions | 92,655 | (92,655) | - |
| TOTAL SUPPORT, REVENUE, AND GAINS | 2,378,889 | 35,321 | 2,414,210 |
| EXPENSES AND LOSSES: | | | |
| Program services: | | | |
| Child Day Services | 31,930 | | 31,930 |
| Family Support | 261,682 | | 261,682 |
| Vendor Contract Services | 11,404 | | 11,404 |
| Independent Support | 590,957 | | 590,957 |
| Home Community Based Services | 539,099 | | 539,099 |
| Children's Center for Autism | 565,389 | | 565,389 |
| Employment Services | 57,993 | | 57,993 |
| Supporting services: | | | |
| Management and general | 278,047 | | 278,047 |
| Fund raising | 23,950 | | 23,950 |
| TOTAL EXPENSES AND LOSSES | 2,360,451 | | 2,360,451 |
| CHANGES IN NET ASSETS | 18,438 | 35,321 | 53,759 |
| NET ASSETS AT BEGINNING OF YEAR | 2,068,376 | 92,655 | 2,161,031 |
| NET ASSETS AT END OF YEAR | <u>\$ 2,086,814</u> | <u>\$ 127,976</u> | <u>\$ 2,214,790</u> |

The accompanying notes are an integral part of this financial statement.

STATEMENT OF FUNCTIONAL EXPENSES
COMMUNITY DEVELOPMENT CENTER

Year ended June 30, 2022

| | Program Services | | | | |
|---|---------------------------------------|-------------------------------|-----------------------------------|--|--|
| | Early Intervention (EI) Centers | Family Support Services | EI Vendor Contract Services | Independent Support Coordination | Early Intervention Home Community Based Services |
| Salaries | \$ 4,243 | \$ 32,389 | \$ 9,497 | \$ 438,166 | \$ 392,301 |
| Fringe benefits | 722 | 5,219 | 1,766 | 77,169 | 67,346 |
| TOTAL SALARIES AND FRINGE BENEFITS | 4,965 | 37,608 | 11,263 | 515,335 | 459,647 |
| Travel | 211 | 25 | 48 | 1,892 | 3,625 |
| Communications | 803 | 703 | - | 10,705 | 7,410 |
| Utilities | 1,068 | 325 | - | 6,430 | 3,235 |
| Postage and shipping | - | 248 | - | 751 | 52 |
| Professional services | 79 | 74 | 35 | 1,708 | 3,159 |
| Supplies | 443 | 481 | - | 4,234 | 16,862 |
| Food | - | 21 | - | 242 | 149 |
| Dissemination materials | - | - | - | - | - |
| Maintenance | 1,131 | 597 | 4 | 5,119 | 5,846 |
| Training and seminars | - | 65 | - | 845 | 465 |
| Rent | - | - | - | 23,400 | - |
| Insurance | 629 | 849 | 54 | 7,060 | 10,500 |
| In-kind expenses - Note I | 19,556 | 560 | - | - | 27,209 |
| Dues and subscriptions | - | 177 | - | 4,202 | 940 |
| Advertising and education | - | - | - | - | - |
| Special events | - | - | - | - | - |
| Grants and subsidies | - | 216,089 | - | - | - |
| Equipment | - | 2,787 | - | - | - |
| Uncollectibles | - | - | - | - | - |
| Miscellaneous | 256 | 1,073 | - | 226 | - |
| TOTAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION | 29,141 | 261,682 | 11,404 | 582,149 | 539,099 |
| Depreciation | 2,789 | - | - | 8,808 | - |
| TOTAL EXPENSES | <u>\$ 31,930</u> | <u>\$ 261,682</u> | <u>\$ 11,404</u> | <u>\$ 590,957</u> | <u>\$ 539,099</u> |

The accompanying notes are an integral part of this financial statement.

| Program Services | | Supporting Services | | | Total Expenses |
|------------------------------------|------------------------|---------------------------|-------------------|---------------------|----------------|
| Children's Center for Autism | Employment Services | Management and General | Special Events | | |
| \$ 387,646 | \$ 41,910 | \$ 203,351 | \$ - | \$ 1,509,503 | |
| 47,677 | 8,519 | 30,962 | - | 239,380 | |
| <u>435,323</u> | <u>50,429</u> | <u>234,313</u> | - | <u>1,748,883</u> | |
| 37 | 780 | 489 | - | 7,107 | |
| 3,023 | 869 | 2,589 | - | 26,102 | |
| 8,046 | 25 | 1,230 | - | 20,359 | |
| 46 | - | 604 | - | 1,701 | |
| 15,091 | 129 | 18,470 | - | 38,745 | |
| 3,262 | 144 | 2,542 | - | 27,968 | |
| 28 | - | 741 | - | 1,181 | |
| - | - | - | - | - | |
| 10,885 | 141 | 1,600 | - | 25,323 | |
| 937 | 1,065 | 979 | - | 4,356 | |
| - | - | - | - | 23,400 | |
| 12,243 | 364 | 2,796 | - | 34,495 | |
| 32,894 | 370 | - | - | 80,589 | |
| 2,286 | 177 | 2,649 | - | 10,431 | |
| - | - | - | - | - | |
| - | - | - | 23,950 | 23,950 | |
| - | - | - | - | 216,089 | |
| - | - | - | - | 2,787 | |
| 34,370 | 3,500 | - | - | 37,870 | |
| 509 | - | 1,125 | - | 3,189 | |
| <u>558,980</u> | <u>57,993</u> | <u>270,127</u> | <u>23,950</u> | <u>2,334,525</u> | |
| 6,409 | - | 7,920 | - | 25,926 | |
| <u>\$ 565,389</u> | <u>\$ 57,993</u> | <u>\$ 278,047</u> | <u>\$ 23,950</u> | <u>\$ 2,360,451</u> | |

STATEMENT OF CASH FLOWS
COMMUNITY DEVELOPMENT CENTER

Year ended June 30, 2022

| | | | |
|--|----|---|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Increase in net assets | | \$ | 53,759 |
| Adjustments to reconcile increase in net assets to cash provided by operating activities: | | | |
| Depreciation and amortization | \$ | 25,926 | |
| Changes in operating assets: | | | |
| Pledges receivable | | (11,870) | |
| Accounts receivable | | (84,719) | |
| Interest receivable | | 120 | |
| Prepaid expenses | | 4,674 | |
| Changes in operating liabilities: | | | |
| Accounts payable | | 5,276 | |
| Accrued leave | | (7,269) | |
| Payroll-related liabilities | | (8,954) | |
| | | <u>NET ADJUSTMENTS</u> | <u>(76,816)</u> |
| | | NET CASH USED BY OPERATING ACTIVITIES | (23,057) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Purchase of property, plant, and equipment | | | (12,904) |
| Short-term investments, net | | | (3,791) |
| | | NET CASH USED BY INVESTING ACTIVITIES | (16,695) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| | | NET CASH PROVIDED BY FINANCING ACTIVITIES | - |
| | | NET DECREASE IN CASH AND CASH EQUIVALENTS | (39,752) |
| | | BEGINNING CASH AND CASH EQUIVALENTS | 894,965 |
| | | ENDING CASH AND CASH EQUIVALENTS | <u>\$ 855,213</u> |

The accompanying notes are an integral part of this financial statement.

NOTES TO FINANCIAL STATEMENTS
COMMUNITY DEVELOPMENT CENTER

June 30, 2022

NOTE A - COMMUNITY DEVELOPMENT CENTER

The Community Development Center (the Center), formerly named Child Development Center, Bedford County, Marshall County and Lincoln County, was incorporated on April 14, 1972, as a Tennessee not-for-profit corporation whose primary purpose is to provide educational and social services to developmentally delayed children.

Since incorporation, the Center has added programs that provide services to families at risk, and to mentally handicapped adults. The Center is funded principally with state grants and contributions from the Cities of Shelbyville, Fayetteville, and Pulaski, the counties of Bedford, Marshall, Lincoln and Giles, civic clubs and private citizens.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Accounting Method

The financial statements of the Center are prepared on the accrual basis of accounting. Contributions are recognized when a donor makes a promise to give to the Center that is, in substance, unconditional. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Contributions for which donor-imposed conditions or restrictions are met in the same period as the contributions are recognized and reported as increases in net assets without restrictions. Other donor-restricted contributions are reported as increases in assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Revenue from fees for services to clients are recognized at the point in time when the services are provided with estimates made for any anticipated adjustments by third party payors. The Center does not recognize a separate financing component of its collections from clients as contract terms are short-term in nature.

(2) Property and Equipment

Property and equipment purchased are stated at cost and donated property and equipment are stated at fair market value on the date contributed, less accumulated depreciation which is computed by the straight-line method over estimated useful lives of the individual assets as follows: furniture and equipment, 5-10 years; car, 4 years; bus, 7 years; building improvements, 5 and 10 years. Disbursements for property and equipment with a per unit cost in excess of \$2,000 are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. All furniture and equipment purchased with grant funds, as well as the proceeds from the disposal of such furniture and equipment, are subject to a reversionary ownership interest by the grantor agency.

(3) Allowance for Uncollectible Accounts

Indebtedness to the Center known to be uncollectible has been written off, and adequate provision, based upon a review of the current status of accounts receivable and historical collection experience, has been made for anticipated adjustments and for possible losses in collection of the remaining accounts.

NOTES TO FINANCIAL STATEMENTS (cont'd)

COMMUNITY DEVELOPMENT CENTER

June 30, 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(4) Functional Expenses

Functional expenses are allocated between Program Services and Supporting Services based on an analysis of personnel time and space utilized for the respective activities.

(5) Use of Estimates

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 and 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.

(6) Cash and Cash Equivalents

For purposes of the statement of cash flows, the Center considers highly liquid investments with an initial maturity of three months or less which are neither designated nor restricted for long-term purposes to be cash equivalents.

(7) Contributed Services

The Center records various types of in-kind support, including contributed facilities and services. Contributed services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

(8) Subsequent Events

Subsequent events have been evaluated through December 7, 2022, which is the date the financial statements were available to be issued.

NOTE C - CASH

The following is a summary of unrestricted cash at June 30, 2022:

| | Cash Equivalents | Certificates of Deposit | Total |
|----------------------|---------------------|----------------------------|--------------------|
| Cash for general use | <u>\$ 855,213</u> | <u>\$ 533,494</u> | <u>\$1,388,707</u> |

NOTES TO FINANCIAL STATEMENTS (cont'd)

COMMUNITY DEVELOPMENT CENTER

June 30, 2022

NOTE D - CONTRACT RECEIVABLES

The Center had the following contract receivables as of June 30, 2022 and 2021:

| | |
|----------------------|----------------------|
| <u>June 30, 2022</u> | <u>June 30, 2021</u> |
| \$ 44,680 | \$ 68,894 |

NOTE E - PROMISES TO GIVE

Unconditional promises to give consist of the following:

| | |
|-------------------------|------------------|
| United Way | \$ 11,837 |
| City and County funding | 70,048 |
| Other | <u>10,968</u> |
| | <u>\$ 92,853</u> |

Amounts due in more than one year are not significant; thus, no discount factor has been applied.

The Center has contractual agreements with multiple State of Tennessee departments for program funding based on the services it provides for individuals. No revenues are recorded until the conditions of the agreements are met.

NOTE F - PROPERTY AND EQUIPMENT

Major classifications of property and equipment are as follows:

| | <u>Cost</u> | | | |
|---------------------------------|---------------------------------|------------------|--------------------|----------------------|
| | <u>Balance</u> | | | <u>Balance</u> |
| | <u>July 1, 2021</u> | <u>Additions</u> | <u>Retirements</u> | <u>June 30, 2022</u> |
| Equipment | \$ 273,434 | \$ 7,529 | \$ 7,094 | \$ 273,869 |
| Vehicles | 82,063 | - | - | 82,063 |
| Land | 42,830 | - | - | 42,830 |
| Software | 38,703 | - | - | 38,703 |
| Building, building improvements | <u>715,785</u> | <u>5,375</u> | - | <u>721,160</u> |
| | <u>\$ 1,152,815</u> | <u>\$ 12,904</u> | <u>\$ 7,094</u> | <u>\$ 1,158,625</u> |
| | <u>Accumulated Depreciation</u> | | | |
| | <u>Balance</u> | | | <u>Balance</u> |
| | <u>July 1, 2021</u> | <u>Additions</u> | <u>Retirements</u> | <u>June 30, 2022</u> |
| Equipment | \$ 269,638 | \$ 3,584 | \$ 7,094 | \$ 266,128 |
| Vehicles | 82,063 | - | - | 82,063 |
| Software | 27,713 | 3,580 | - | 31,293 |
| Building, building improvements | <u>387,244</u> | <u>18,762</u> | - | <u>406,006</u> |
| | <u>\$ 766,658</u> | <u>\$ 25,926</u> | <u>\$ 7,094</u> | <u>\$ 785,490</u> |

NOTES TO FINANCIAL STATEMENTS (cont'd)

COMMUNITY DEVELOPMENT CENTER

June 30, 2022

NOTE G - LEASES

The Center conducts some of its programs from a building owned by Bedford County and the City of Shelbyville. The Center receives free use of this building.

Lincoln County provides facilities for the Center's Fayetteville operations. In addition to the free use of the facilities, building insurance and utilities are provided free of charge.

The Independent Support program leases facilities in Columbia. The current agreement began November 1, 2018, and ends October 31, 2023. Amounts paid for the Columbia facilities totaled \$23,400 for the year ended June 30, 2022. Future lease payments required under the lease for the Columbia facilities are as follows:

| Year ended June 30, | Amount |
|---------------------|--------|
| 2023 | 23,400 |
| 2024 | 7,800 |

NOTE H - ACCRUED ANNUAL LEAVE

This liability, in the amount of \$37,688, represents annual leave earned by employees as of June 30, 2022, but not yet taken.

NOTE I - IN-KIND REVENUE AND EXPENSES

The Center received in-kind donations that consisted of the following:

| | |
|--|----------|
| Use of facilities, including utilities and insurance | \$80,589 |
|--|----------|

In-kind revenue and expenses reflected in the financial statements are not actual monies received or expended.

In addition to the in-kind donations meeting the requirements for recognition in the financial statements as noted above, many individuals volunteer their time and perform a variety of tasks that assist the Center, but these services do not meet the criteria for recognition as contributed services. While the Center has in prior years received approximately 800 volunteer hours per year, the number of volunteer hours was 405 for the year ended June 30, 2022.

NOTE J - SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

From time to time, the Center has on deposit in financial institutions funds that total in excess of the insured maximum of \$250,000. As of June 30, 2022, this risk amount, based on bank balances, was \$229,117. However, this at risk amount is subject to significant daily fluctuations throughout the year.

NOTES TO FINANCIAL STATEMENTS (cont'd)

COMMUNITY DEVELOPMENT CENTER

June 30, 2022

NOTE K - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Center's financial assets at June 30, 2022, totaled \$2,029,819 all of which is available to meet cash needs for general expenditures within one year.

NOTE L - RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions at June 30, 2022, are available for the following purposes or periods:

| | |
|---------------------------------|-----------|
| Support of next year's programs | \$127,976 |
|---------------------------------|-----------|

NOTE M - RETIREMENT PLAN

The Center maintains a defined contribution plan where benefits depend solely on the actual value of contributions at the time of an employee's retirement. The Center matches eligible employees' contributions up to two percent of the employees' annual compensation. Eligible employees include all full-time and regular part-time (20 hours or more per week) employees. The Center has a provision of funds for certain eligible employees to designate for health insurance or the 403(b) retirement plan. The amount of the provision is determined by employment category status. The employer retirement benefit contributions are fixed by the Board of Directors. For the year ended June 30, 2022, the Center's contributions (two percent match and in-lieu-of health insurance) totaled \$82,061. Employees are fully vested for all contributions made to the plan.

NOTE N - RELATED ORGANIZATIONS

The Community Development Center Foundation (Foundation) is a nonprofit organization that was established to receive, hold, manage, and transfer property, real or personal, for the Center. The Foundation is also to manage any permanent special funds for the furtherance of the purposes of the agency and distribute funds to the Center to support and enhance programs for which funds are not provided by federal, state, and public sources.

NOTE O - FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that contributions be measured at the fair value of the assets given. The present value of estimated future cash flows using a discount rate commensurate with the risks involved is an appropriate measure of fair value of unconditional promises to give cash. Unconditional promises to give that are expected to be paid in less than one year may be measured at net settlement value because that amount, although not equivalent to the present value of estimated future cash flows, results in a reasonable estimate of fair value.

Assets measured at fair value on a recurring basis using unobservable inputs (Level 3):

| | | |
|--------------------|---------------|------------------|
| Pledges receivable | July 1, 2021 | \$ 80,982 |
| | Issuances | 104,821 |
| | Settlements | <u>92,951</u> |
| | June 30, 2022 | <u>\$ 92,852</u> |

NOTES TO FINANCIAL STATEMENTS (cont'd)

COMMUNITY DEVELOPMENT CENTER

June 30, 2022

NOTE P - COMMITMENTS AND CONTINGENCIES

The Center receives a major portion of its funding from the Departments of Education, Intellectual and Developmental Disabilities, and Finance and Administration, the Cities of Shelbyville, Pulaski, and Fayetteville, and the Counties of Bedford, Marshall, and Lincoln. A major reduction of funds from these entities, should this occur, could have a significant effect on future operations. Additionally, federal and state programs are subject to agency monitoring and retroactive adjustments which may result in paybacks by the Center in excess of liabilities accrued on an estimated basis in the financial statements.

NOTE Q - TAX-EXEMPT STATUS

The Center is exempt from federal income tax under Section 501(c)(3) of the U. S. Internal Revenue Code, is not a private foundation and does not conduct any unrelated business activities. Gifts to the Center are tax deductible as charitable contributions. The Center files information tax returns with the Internal Revenue Service. These returns are generally subject to examination for three years after filing. The open period includes years ending in 2019-2022.

SUPPLEMENTARY INFORMATION

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
COMMUNITY DEVELOPMENT CENTER**

Year ended June 30, 2022

| Federal Grantor/ Pass-Through Agency | Program/ Cluster Name | Federal Assistance Listing Number | Contract Number | Passed Through to Subrecipient | Expenditures |
|--|---|--|--------------------|--------------------------------------|--------------|
| <u>FEDERAL AWARDS</u> | | | | | |
| Pass-through Funding: | | | | | |
| U.S. Department of Education ¹ | Special Education-Grants for Infants and Families | 84.181A | N/A | \$ - | \$ 159,886 |
| U.S. Department of Education ¹ | Special Education-Grants for Infants and Families | 84.181A | 33195-00419 | - | 13,232 |
| | <i>Total Program 84.181A</i> | | | - | 173,118 |
| Pass-through Funding: | | | | | |
| U.S. Department of Education ² | Rehabilitation Services Vocational Rehabilitation Grants to States | 84.126 | Z21-85121 | - | 1,215 |
| | | 84.126 | Z21-85122 | - | 8,140 |
| | <i>Total Program 84.126</i> | | | - | 9,355 |
| | | TOTAL FEDERAL AWARDS | | - | 182,473 |
| <u>STATE FINANCIAL ASSISTANCE</u> | | | | | |
| TN Department of Intellectual and Developmental Disabilities | | N/A | N/A | - | 432,194 |
| TN Department of Intellectual and Developmental Disabilities | | N/A | 33195-00419 | - | 14,334 |
| TN Department of Intellectual and Developmental Disabilities | | N/A | 34401-99259 | - | 250,833 |
| TN Department of Intellectual and Developmental Disabilities | | N/A | 19-066-00 | - | 749,749 |
| | | TOTAL STATE FINANCIAL ASSISTANCE | | - | 1,447,110 |
| | | TOTAL FEDERAL AND STATE AWARDS | | \$ - | \$ 1,629,583 |

¹ Federal funds passed through the State of Tennessee, Department of Intellectual and Developmental Disabilities

² Federal funds passed through the State of Tennessee, Department of Human Services

Note 1: The Schedule of Expenditures of Federal Awards and State Financial Assistance summarizes the expenditures of Community Development Center under programs of the federal and state government for the year ended June 30, 2022. The schedule is presented using the accrual basis of accounting.

OTHER INFORMATION

DIRECTORY OF OFFICIALS
COMMUNITY DEVELOPMENT CENTER

June 30, 2022

DIRECTORS

| | |
|--------------------|-----------------------|
| Anna Childress | - Chairman |
| Julie Sanders | - Vice Chairman |
| Scott Cocanougher | - Financial Secretary |
| Rick Darling | - Secretary |
| Sarah Hunt | - Ex-Officio |
| Joe Hunt | - Ex-Officio |
| Jane Townes | - Ex-Officio |
| Marilyn Massengale | - Ex-Officio |
| Garrett Gordon | - Ch. Emeritus |
| Paulette Bledsoe | |
| Andy Bobo | |
| William Christie | |
| Marcia Cowan | |
| Patrick Frazine | |
| Amie Newsom | |
| Dr. Jeff Jordan | |
| Ivan Jones | |

See independent auditor's report.

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

Board of Directors
Community Development Center
Shelbyville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Development Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 7, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Development Center'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 Community Development Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Development Center'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.

Winnett Associates, PLLC

Shelbyville, Tennessee
December 7, 2022

SCHEDULE OF DISPOSITION OF PRIOR YEAR FINDINGS

COMMUNITY DEVELOPMENT CENTER

June 30, 2022

There were no prior year findings reported.