

AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

COMMUNITY DEVELOPMENT CENTER

(A NOT-FOR-PROFIT CORPORATION)

June 30, 2017

WINNETT
Associates, PLLC

Certified Public Accountants and Consultants

CONTENTS

Independent Auditor’s Report	Page	3
Financial Statements:		
Statement of Financial Position		5
Statement of Activities		6
Statement of Functional Expenses		7
Statement of Cash Flows		9
Notes to Financial Statements		10
Supplementary Information:		
Schedule of Expenditures of Federal Awards and State Financial Assistance		17
Other Information:		
Directory of Officials		19
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 <i>Government Auditing Standards</i>		20
Schedule of Disposition of Prior Year Findings.....		22

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Community Development Center
Shelbyville, Tennessee

Report on the Financial Statements

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, 2017, 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.

Auditor's 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 Community Development Center as of June 30, 2017, 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

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 17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2017, 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 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 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
November 15, 2017

STATEMENT OF FINANCIAL POSITION
COMMUNITY DEVELOPMENT CENTER

June 30, 2017

<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash for general use - Note C	\$	966,023
Certificates of deposit - Note C		582,870
Unconditional promises to give - Note E		126,368
Accounts receivable		338,472
Interest receivable		1,407
Prepaid expenses		7,910
	TOTAL CURRENT ASSETS	2,023,050
PROPERTY AND EQUIPMENT - Note F		491,244
	TOTAL ASSETS	\$ 2,514,294
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$	58,206
Security deposit		1,500
Payroll liabilities		57,164
Accrued leave - Note H		36,027
	TOTAL LIABILITIES	152,897
<u>NET ASSETS</u>		
Unrestricted	\$ 2,257,029	
Temporarily restricted - Note D	104,368	
Permanently restricted	-	2,361,397
	TOTAL LIABILITIES AND NET ASSETS	\$ 2,514,294

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

STATEMENT OF ACTIVITIES
COMMUNITY DEVELOPMENT CENTER

Year ended June 30, 2017

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
SUPPORT, REVENUE, AND GAINS:				
Grants	\$ 1,654,441	\$ -	\$ -	\$ 1,654,441
City and County	15,552	83,084		98,636
In-kind - Note I	80,589			80,589
Organizational contributions	23,051	21,284		44,335
Individual contributions	1,211			1,211
Autism services	48,175			48,175
Special events	83,041			83,041
Interest income	7,585			7,585
Miscellaneous	16,204			16,204
Gain on sale of assets	800			800
Net assets released from restrictions:				
Contributions - released from restrictions	99,914	(99,914)		-
TOTAL SUPPORT, REVENUE, AND GAINS	2,030,563	4,454	-	2,035,017
EXPENSES AND LOSSES				
Expenses:				
Program services:				
Child Day Services	130,938			130,938
Family Support	308,490			308,490
Vendor Contract Services	1,283			1,283
Independent Support	746,635			746,635
Home Community Based Services	392,901			392,901
Autism services	181,139			181,139
Supporting services:				
Management and general	258,605			258,605
Fund raising	23,279			23,279
TOTAL EXPENSES	2,043,270			2,043,270
CHANGES IN NET ASSETS	(12,707)	4,454	-	(8,253)
NET ASSETS AT BEGINNING OF YEAR	2,269,736	99,914	-	2,369,650
NET ASSETS AT END OF YEAR	<u>\$ 2,257,029</u>	<u>\$ 104,368</u>	<u>\$ -</u>	<u>\$ 2,361,397</u>

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

STATEMENT OF FUNCTIONAL EXPENSES
COMMUNITY DEVELOPMENT CENTER

Year ended June 30, 2017

	Program Services			
	Child Day Services	Family Support Services	Vendor Contract Services	Independent Support
Salaries	\$ 33,984	\$ 29,263	\$ -	\$ 540,643
Fringe benefits	5,914	6,008	-	112,357
TOTAL SALARIES AND FRINGE BENEFITS	<u>39,898</u>	<u>35,271</u>	<u>-</u>	<u>653,000</u>
Travel	167	85	685	17,044
Communications	1,344	832	-	7,515
Utilities	4,530	316	-	3,783
Postage and shipping	66	579	-	886
Professional services	1,024	68	190	1,162
Supplies	1,457	1,923	-	3,665
Food	251	195	-	1,335
Maintenance	7,396	514	273	10,800
Training and seminars	-	-	-	453
Rent	-	-	-	26,340
Insurance	1,542	559	135	9,224
In-kind expenses - Note I	52,820	560	-	-
Dues and subscriptions	472	-	-	1,970
Advertising and education	-	-	-	-
Special events	-	-	-	-
Grants and subsidies	-	215,666	-	-
Small equipment	-	50,002	-	-
Uncollectibles	3,811	1,722	-	-
Miscellaneous	636	106	-	850
TOTAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	<u>115,414</u>	<u>308,398</u>	<u>1,283</u>	<u>738,027</u>
Depreciation	15,524	92	-	8,608
TOTAL EXPENSES	<u>\$ 130,938</u>	<u>\$ 308,490</u>	<u>1,283</u>	<u>\$ 746,635</u>

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

Program Services		Supporting Services			Total Expenses
Home Community Based Services	Children's Center for Autism	Management and General	Special Events		
\$ 253,638	\$ 131,624	\$ 184,048	\$ -	\$ 1,173,200	
49,298	18,837	33,209	-	225,623	
<u>302,936</u>	<u>150,461</u>	<u>217,257</u>	<u>-</u>	<u>1,398,823</u>	
15,682	106	1,104	-	34,873	
7,680	892	2,856	-	21,119	
4,309	2,511	1,365	-	16,814	
2	19	420	-	1,972	
1,287	6,445	15,818	-	25,994	
3,609	2,675	2,703	-	16,032	
86	344	195	-	2,406	
15,267	3,555	3,512	-	41,317	
125	2,902	486	-	3,966	
-	-	-	-	26,340	
11,689	5,880	2,701	-	31,730	
27,209	-	-	-	80,589	
3,020	156	1,785	-	7,403	
-	86	-	-	86	
-	-	-	23,279	23,279	
-	-	-	-	215,666	
-	-	-	-	50,002	
-	-	-	-	5,533	
<u>-</u>	<u>52</u>	<u>641</u>	<u>-</u>	<u>2,285</u>	
392,901	176,084	250,843	23,279	2,006,229	
-	5,055	7,762	-	37,041	
<u>\$ 392,901</u>	<u>\$ 181,139</u>	<u>\$ 258,605</u>	<u>\$ 23,279</u>	<u>\$ 2,043,270</u>	

STATEMENT OF CASH FLOWS
COMMUNITY DEVELOPMENT CENTER

Year ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:

Decrease in net assets	\$	(8,253)
Adjustments to reconcile decrease in net assets to cash provided by operating activities:		
Depreciation and amortization	\$	37,041
(Increase) decrease in operating assets:		
Pledges receivable	(6,058)	
Accounts receivable	(50,007)	
Interest receivable	(67)	
Prepaid expenses	2,834	
Increase (decrease) in operating liabilities:		
Accounts payable	(8,487)	
Security deposit	1,500	
Unearned grants	(3,809)	
Accrued leave and wages	1,579	
Accrued payroll taxes	57,131	
	<u>NET ADJUSTMENTS</u>	<u>31,657</u>
	NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>23,404</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Short-term investments, net		(5,061)
Payments for property and equipment		<u>(19,898)</u>
	NET CASH USED BY INVESTING ACTIVITIES	<u>(24,959)</u>
	NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,555)
	BEGINNING CASH AND CASH EQUIVALENTS	<u>967,578</u>
	ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 966,023</u></u>

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

NOTES TO FINANCIAL STATEMENTS
COMMUNITY DEVELOPMENT CENTER

June 30, 2017

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. Under this method, revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Contributions are recognized when a donor makes a promise to give to the Center that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily (or permanently, when applicable) restricted assets. When a restriction expires, restricted net assets are reclassified to unrestricted net assets. The Center has not implied time restrictions on gifts of long-lived assets.

(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; van, 4 years; bus, 7 years; building improvements, 5 and 10 years. Disbursements for property and equipment with a per unit cost in excess of \$2,000.00 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, 2017

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.

The value of in-kind support meeting the requirements for recognition in the financial statements is disclosed in Note I. In addition, 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. The Center receives approximately 1,000 volunteer hours per year.

(8) Subsequent Events

Subsequent events have been evaluated through November 15, 2017, 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, 2017:

	Cash <u>Equivalents</u>	Certificates of <u>Deposit</u>	<u>Total</u>
Cash for general use	\$ 966,023	\$ 582,870	\$1,548,893

NOTES TO FINANCIAL STATEMENTS (cont'd)

COMMUNITY DEVELOPMENT CENTER

June 30, 2017

NOTE D - RESTRICTIONS ON NET ASSETS

Of the temporarily restricted net assets at June 30, 2017, \$21,284 is United Way funding for the next year, and \$83,084 is funding for next year from various cities and counties served by the Center.

NOTE E - PROMISES TO GIVE

Unconditional promises to give consist of the following:

United Way	\$ 21,284
City and County funding	83,084
Other organizations	<u>22,000</u>
	<u>\$126,368</u>

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

NOTE F - PROPERTY AND EQUIPMENT

Major classifications of property and equipment are as follows:

	Cost			
	Balance			Balance
	<u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2017</u>
Equipment	\$ 258,710	\$ 4,156	\$ -	\$ 262,866
Vehicles	124,462	15,741	-	140,203
Land	42,830	-	-	42,830
Software	38,703	-	-	38,703
Building, building improvements	<u>696,595</u>	-	-	<u>696,595</u>
	<u>\$ 1,161,300</u>	<u>\$ 19,897</u>	<u>\$ -</u>	<u>\$ 1,181,197</u>
	Accumulated Depreciation			
	Balance			Balance
	<u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2017</u>
Equipment	\$ 241,676	\$ 9,119	\$ -	\$ 250,795
Vehicles	124,463	328	-	124,791
Software	9,398	3,796	-	13,194
Building, building improvements	<u>277,376</u>	<u>23,797</u>	-	<u>301,173</u>
	<u>\$ 652,913</u>	<u>\$ 37,040</u>	<u>\$ -</u>	<u>\$ 689,953</u>

NOTES TO FINANCIAL STATEMENTS (cont'd)

COMMUNITY DEVELOPMENT CENTER

June 30, 2017

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 January 1, 2017 and ends December 31, 2017. Amounts paid for the Columbia facilities totaled \$26,340. Future lease payments required under the lease for the Columbia facilities are as follows:

Year Ended	Amount
<u>June 30,</u>	
2018	\$ 13,170

NOTE H - ACCRUED ANNUAL LEAVE

This liability, in the amount of \$36,027, represents annual vacation earned by employees as of June 30, 2017, 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
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In-kind revenue and expenses reflected in the financial statements are not actual monies received or expended.

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, 2017, this risk amount, based on bank balances, was \$39,663. However, this at risk amount is subject to significant daily fluctuations throughout the year.

NOTE K - 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, Lincoln and Giles. 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.

NOTES TO FINANCIAL STATEMENTS (cont'd)

COMMUNITY DEVELOPMENT CENTER

June 30, 2017

NOTE L - 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, 2017, the Center's contributions (two percent match and in-lieu-of health insurance) totaled \$87,667. Employees are fully vested for all contributions made to the plan.

NOTE M - 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 N - 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, 2016	\$ 120,310
	Issuances	168,748
	Settlements	<u>162,690</u>
	June 30, 2017	<u>\$ 126,368</u>

NOTES TO FINANCIAL STATEMENTS (cont'd)

COMMUNITY DEVELOPMENT CENTER

June 30, 2017

NOTE O - 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 2014-2017.

SUPPLEMENTARY INFORMATION

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
COMMUNITY DEVELOPMENT CENTER
Year ended June 30, 2017**

Federal Grantor/ Pass-Through Grantor	CFDA Number	Contract Number	Expenditures
<u>FEDERAL AWARDS</u>			
Department of Education (1)	84.181A	33195-00117	\$ 106,642
Department of Education (1)	84.181A	33195-00117	7,146
TOTAL FEDERAL AWARDS			113,788
<u>STATE FINANCIAL ASSISTANCE</u>			
TN Dept. of Intellectual and Developmental Disabilities		34401-99028	250,833
TN Dept. of Education		33195-00117	288,330
TN Dept. of Education		33195-00117	7,742
TN Dept. of Finance and Administration Division of Intellectual Disabilities		16-062-00	911,537
TOTAL STATE AWARDS			1,458,442
TOTAL FEDERAL AND STATE AWARDS			<u>\$ 1,572,230</u>

(1) - Federal funds passed through the State of Tennessee, Department of Education

Schedule was prepared using the accrual basis of accounting.

See independent auditor's report.

OTHER INFORMATION

**DIRECTORY OF OFFICIALS
COMMUNITY DEVELOPMENT CENTER**

June 30, 2017

DIRECTORS

Anna Childress	- Chairman	Tami Newcomb
Julie Sanders	- Vice Chairman	Chesley Enloe
Scott Cocanougher	- Financial Secretary	William Christie
Amie Newsom	- Secretary	Barry Childers
Sarah Hunt	- Ex-Officio	Mike Stone
Joe Hunt	- Ex-Officio	Gary Haile
Jane Townes	- Ex-Officio	Andy Bobo
Marilyn Massengale	- Ex-Officio	Rick Darling
Garrett Gordon	- Ch. Emeritus	Yesenia Garcia
James Russell, Jr.		

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, 2017, 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 November 15, 2017.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Development Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Winnett Associates, PLLC

Shelbyville, Tennessee
November 15, 2017

SCHEDULE OF DISPOSITION OF PRIOR YEAR FINDINGS

COMMUNITY DEVELOPMENT CENTER

June 30, 2017

There were no prior year findings reported.