

AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

COMMUNITY DEVELOPMENT CENTER

(A NOT-FOR-PROFIT CORPORATION)

June 30, 2020

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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, 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.

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, 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.

Emphasis of Matter

As discussed in Note S, Community Development Center adopted Financial Accounting Standards Board (FASB)'s ASU No. 2018-08 (an amendment of the FASB's *Accounting Standards Codification*) and ASU No. 2014-09 for the year ended June 30, 2020. There were no significant changes in individual financial statement line items in the current period resulting from applying the standards updates instead of the previous guidance.

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 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 of the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion of 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 October 17, 2020, 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
October 6, 2020

STATEMENT OF FINANCIAL POSITION
COMMUNITY DEVELOPMENT CENTER

June 30, 2020

<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash for general use - Note C	\$ 748,049
Certificates of deposit - Note C	611,286
Unconditional promises to give - Note E	67,017
Accounts receivable-net of allowance for doubtful accounts	379,700
Interest receivable	3,667
Prepaid expenses	9,922
TOTAL CURRENT ASSETS	1,819,641
PROPERTY AND EQUIPMENT - Note F	402,319
TOTAL ASSETS	\$ 2,221,960
<u>LIABILITIES AND NET ASSETS</u>	
<u>CURRENT LIABILITIES</u>	
Accounts payable	\$ 54,130
Payroll liabilities	70,606
Accrued interest	129
Accrued leave - Note H	45,305
TOTAL CURRENT LIABILITIES	170,170
LOAN PAYABLE - Note I	85,500
TOTAL LIABILITIES	255,670
<u>NET ASSETS</u>	
Without donor restrictions	\$ 1,924,558
With donor restrictions	41,732
TOTAL NET ASSETS	1,966,290
TOTAL LIABILITIES AND NET ASSETS	\$ 2,221,960

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

STATEMENT OF ACTIVITIES
COMMUNITY DEVELOPMENT CENTER

Year ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	TOTAL
SUPPORT, REVENUE, AND GAINS:			
Grants	\$ 1,623,614	\$ -	\$ 1,623,614
City and County		28,079	28,079
In-kind - Note I	80,589		80,589
Organizational contributions	18,071	11,911	29,982
Individual contributions	4,989		4,989
Autism services	381,907		381,907
Employment and Community First Choices	2,090		2,090
Employment services	36,600		36,600
Special events	90,473		90,473
Interest income	12,627		12,627
Miscellaneous	3,047		3,047
Net assets released from restrictions:			
Contributions - released from restrictions	91,421	(91,421)	-
TOTAL SUPPORT, REVENUE, AND GAINS	2,345,428	(51,431)	2,293,997
EXPENSES AND LOSSES:			
Program services:			
Child Day Services	44,043		44,043
Family Support	256,034		256,034
Vendor Contract Services	7,472		7,472
Independent Support	674,681		674,681
Home Community Based Services	493,295		493,295
Children's Center for Autism	499,355		499,355
Employment Services	85,615		85,615
Supporting services:			
Management and general	308,275		308,275
Fund raising	18,963		18,963
TOTAL EXPENSES AND LOSSES	2,387,733	(51,431)	2,387,733
CHANGES IN NET ASSETS	(42,305)	(51,431)	(93,736)
NET ASSETS AT BEGINNING OF YEAR AS RESTATED	1,966,863	93,163	2,060,026
NET ASSETS AT END OF YEAR	\$ 1,924,558	\$ 41,732	\$ 1,966,290

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

STATEMENT OF FUNCTIONAL EXPENSES
COMMUNITY DEVELOPMENT CENTER

Year ended June 30, 2020

	Program Services			
	Child Day Services	Family Support Services	Vendor Contract Services	Independent Support
Salaries	\$ 12,945	\$ 32,136	\$ 5,275	\$ 488,085
Fringe benefits	2,981	5,385	939	87,850
TOTAL SALARIES AND FRINGE BENEFITS	15,926	37,521	6,214	575,935
Travel	274	229	276	10,596
Communications	574	718	-	10,793
Utilities	652	338	-	7,560
Postage and shipping	-	294	-	653
Professional services	194	54	-	1,625
Supplies	146	137	-	8,840
Food	-	29	-	1,296
Maintenance	1,560	373	533	6,840
Training and seminars	9	60	-	1,811
Rent	-	-	-	23,400
Insurance	560	252	449	9,488
In-kind expenses - Note J	19,556	560	-	-
Dues and subscriptions	200	-	-	2,073
Advertising and education	-	-	-	-
Special events	-	-	-	-
Grants and subsidies	-	215,452	-	-
Small equipment	-	-	-	-
Uncollectibles	-	-	-	-
Miscellaneous	19	17	-	1,028
TOTAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	39,670	256,034	7,472	661,938
Depreciation	4,373	-	-	12,743
TOTAL EXPENSES	\$ 44,043	\$ 256,034	\$ 7,472	\$ 674,681

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

Program Services			Supporting Services		
Home Community Based Services	Children's Center for Autism	Employment Services	Management and General	Special Events	Total Expenses
\$ 348,397	\$ 334,539	\$ 60,882	\$ 223,036	\$ -	\$ 1,505,295
65,925	42,467	11,903	31,150	-	248,600
<u>414,322</u>	<u>377,006</u>	<u>72,785</u>	<u>254,186</u>	-	<u>1,753,895</u>
15,648	124	1,454	1,923	-	30,524
6,972	3,029	1,218	2,725	-	26,029
4,049	7,796	339	1,389	-	22,123
-	47	-	168	-	1,162
675	18,274	112	26,576	-	47,510
863	3,958	3,060	2,958	-	19,962
125	63	-	433	-	1,946
11,260	10,913	341	3,393	-	35,213
498	1,147	421	1,210	-	5,156
-	-	-	-	-	23,400
11,267	10,059	450	3,349	-	35,874
27,209	28,829	4,435	-	-	80,589
407	2,092	-	2,417	-	7,189
-	70	-	-	-	70
-	-	-	-	18,963	18,963
-	-	-	-	-	215,452
-	-	-	-	-	-
-	28,173	1,000	(955)	-	28,218
-	415	-	640	-	2,119
<u>493,295</u>	<u>491,995</u>	<u>85,615</u>	<u>300,412</u>	<u>18,963</u>	<u>2,355,394</u>
-	7,360	-	7,863	-	32,339
<u>\$ 493,295</u>	<u>\$ 499,355</u>	<u>\$ 85,615</u>	<u>\$ 308,275</u>	<u>\$ 18,963</u>	<u>\$ 2,387,733</u>

STATEMENT OF CASH FLOWS
COMMUNITY DEVELOPMENT CENTER

Year ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in net assets		\$ (93,736)
Adjustments to reconcile decrease in net assets to cash provided by operating activities:		
Depreciation and amortization	\$ 32,339	
Changes in operating assets:		
Pledges receivable	32,659	
Accounts receivable	(50,196)	
Interest receivable	305	
Prepaid expenses	1,936	
Changes in operating liabilities:		
Accounts payable	5,766	
Accrued leave	535	
Accrued interest payable	129	
Payroll-related liabilities	3,325	
	NET ADJUSTMENTS	26,798
	NET CASH USED BY OPERATING ACTIVITIES	(66,938)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Short-term investments, net		16,626
	NET CASH PROVIDED BY INVESTING ACTIVITIES	16,626
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loan		85,500
	NET CASH PROVIDED BY FINANCING ACTIVITIES	85,500
	NET INCREASE IN CASH AND CASH EQUIVALENTS	35,188
	BEGINNING CASH AND CASH EQUIVALENTS	712,861
	ENDING CASH AND CASH EQUIVALENTS	\$ 748,049

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

NOTES TO FINANCIAL STATEMENTS
COMMUNITY DEVELOPMENT CENTER

June 30, 2020

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 are 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, 2020

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 J. 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 800 volunteer hours per year.

(8) Subsequent Events

Subsequent events have been evaluated through October 6, 2020, 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, 2020:

	Cash <u>Equivalents</u>	Certificates of <u>Deposit</u>	<u>Total</u>
Cash for general use	\$ 748,049	\$ 611,286	\$1,359,335

NOTES TO FINANCIAL STATEMENTS (cont'd)

COMMUNITY DEVELOPMENT CENTER

June 30, 2020

NOTE D - CONTRACT RECEIVABLES

The Center had the following contract receivables as of June 30, 2020 and 2019:

<u>June 30, 2020</u>	<u>June 30, 2019</u>
\$ 59,692	\$ 55,566

NOTE E - PROMISES TO GIVE

Unconditional promises to give consist of the following:

United Way	\$ 13,720
City and County funding	28,079
Other	<u>25,218</u>
	<u>\$ 67,017</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, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2020</u>
Equipment	\$ 273,434	\$ -	\$ -	\$ 273,434
Vehicles	140,203	-	-	140,203
Land	42,830	-	-	42,830
Software	38,703	-	-	38,703
Building, building improvements	<u>703,145</u>	-	-	<u>703,145</u>
	<u>\$ 1,198,315</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,198,315</u>
	<u>Accumulated Depreciation</u>			
	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2020</u>
Equipment	\$ 261,771	\$ 4,543	\$ -	\$ 266,314
Vehicles	132,661	3,936	-	136,597
Software	20,552	3,581	-	24,133
Building, building improvements	<u>348,673</u>	<u>20,279</u>	-	<u>368,952</u>
	<u>\$ 763,657</u>	<u>\$ 32,339</u>	<u>\$ -</u>	<u>\$ 795,996</u>

NOTES TO FINANCIAL STATEMENTS (cont'd)

COMMUNITY DEVELOPMENT CENTER

June 30, 2020

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, 2020. Future lease payments required under the lease for the Columbia facilities are as follows:

Year ended June 30,	Amount
2021	23,400
2022	23,400
2023	23,400
2024	7,800

NOTE H - ACCRUED ANNUAL LEAVE

This liability, in the amount of \$45,305, represents annual leave earned by employees as of June 30, 2020, but not yet taken.

NOTE I - LOAN PAYABLE

During May 2020 the Center obtained a Small Business Association loan through its lender, First Community Bank, in the amount of \$85,500. The loan was made as part of the Payroll Protection Program (PPP) established by the CARES Act. Subject to meeting certain terms, the loan is eligible to be forgiven in full. If not forgiven, the loan, which carries an interest rate of 1%, is to be repaid in equal monthly installments beginning December, 2020, and ending May, 2022.

NOTE J - 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 K - 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, 2020, this risk amount, based on bank balances, was \$156,880. 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, 2020

NOTE L - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Center's financial assets at June 30, 2020, totaled \$1,809,719 all of which is available to meet cash needs for general expenditures within one year.

NOTE M - RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions at June 30, 2020, are available for the following purposes or periods:

Support of next year's programs	\$41,732
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NOTE N - 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, 2020, the Center's contributions (two percent match and in-lieu-of health insurance) totaled \$98,810. Employees are fully vested for all contributions made to the plan.

NOTE O - 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 P - 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, 2019	\$ 99,676
	Issuances	65,258
	Settlements	<u>97,917</u>
	June 30, 2020	<u>\$ 67,017</u>

NOTES TO FINANCIAL STATEMENTS (cont'd)

COMMUNITY DEVELOPMENT CENTER

June 30, 2020

NOTE Q - 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.

NOTE R - 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 2017-2020.

NOTE S - NEW ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board's accounting standards update, ASU No. 2018-08, is effective for the Center for the year ended June 30, 2020. The amendments in the update clarify guidance about whether a transfer of assets is a contribution or an exchange transaction and provide guidance about how to determine whether a contribution is conditional. Determining whether a contribution is conditional is important as such classification affects the timing of contribution revenue and expense recognition.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 and subsequently issued clarifying ASU's replaced most existing revenue recognition guidance in accounting principles generally accepted in the United States of America. ASU 2014-09 also requires expanded disclosures related to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Center adopted ASU 2014-09 for the 2020 fiscal year, using the modified retrospective method. The adoption of ASU 2014-09 did not have a significant impact on the Center's financial statements as the applicability is limited to fee services for which the Center receives payments from third-party payers. Based on the Center's evaluation process and review of its customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under ASU 2014-09. No changes were required to previously reported revenues as a result of the adoption of ASU 2014-09. Less than twenty percent of the Center's revenue is subject to the requirements of *Topic 606*.

NOTES TO FINANCIAL STATEMENTS (cont'd)

COMMUNITY DEVELOPMENT CENTER

June 30, 2020

NOTE T - SUBSEQUENT AWARD

In September 2020 the Center was notified that it had been selected to receive \$642,417 through the Tennessee Community CARES Program. The funds are to be used to assist the communities served by the Center in responding and recovering from the COVID-19 pandemic.

NOTE U - RESTATEMENT OF NET ASSETS

During the year ended June 30, 2020, the Center determined that accounts receivable were overstated due to insurance claims arising in prior years that had not been filed correctly or in a timely manner. The portion attributable to periods prior to fiscal year 2020 totaled \$53,346.

The effect of recording this amount is as follows:

Net Assets as of June 30, 2019, as previously reported	\$ 2,113,372
Restatement applicable to prior years	<u>(53,346)</u>
Net Assets as of June 30, 2019, as restated	<u>\$ 2,060,026</u>

SUPPLEMENTARY INFORMATION

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
COMMUNITY DEVELOPMENT CENTER
Year ended June 30, 2020**

Federal Grantor/ Pass-Through Agency	Program/ Cluster Name	CFDA 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	\$ -	\$ 214,864
U.S. Department of Education ¹	Special Education-Grants for Infants and Families	84.181A	33195-00419	-	7,735
	<i>Total Program 84.181A</i>			<u>-</u>	<u>222,599</u>
Pass-through Funding:					
U.S. Department of Education ¹	Rehabilitaion Services Vocational Rehabilitation Grants to States	84.126	3470-85120	-	1,608
	TOTAL FEDERAL AWARDS			<u>-</u>	<u>224,207</u>
<u>STATE FINANCIAL ASSISTANCE</u>					
TN Department of Education		N/A	N/A	-	288,496
TN Department of Education		N/A	33195-00419	-	8,379
TN Department of Education		N/A	3470-85120	-	435
TN Department of Intellectual and Development Disabilities		N/A	34401-99130	-	250,834
TN Department of Finance and Administration Division of Intellectual Disabilities		N/A	19-066-00	-	846,263
				-	-
	TOTAL STATE FINANCIAL ASSISTANCE			<u>-</u>	<u>1,394,407</u>
	TOTAL FEDERAL AND STATE AWARDS			<u>\$ -</u>	<u>\$ 1,618,614</u>

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

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, 2020. The schedule is presented using the accrual basis of accounting.

OTHER INFORMATION

**DIRECTORY OF OFFICIALS
COMMUNITY DEVELOPMENT CENTER**

June 30, 2020

DIRECTORS

Anna Childress	- Chairman
Julie Sanders	- Vice Chairman
Scott Cocanougher	- Financial Secretary
Tami Newcomb	- Secretary
Sarah Hunt	- Ex-Officio
Joe Hunt	- Ex-Officio
Jane Townes	- Ex-Officio
Marilyn Massengale	- Ex-Officio
Garrett Gordon	- Ch. Emeritus
Andy Bobo	
Barry Childers	
William Christie	
Rick Darling	
Gary Haile	
Mindee Howard	
Alice Johnson	
Rhonda Nerren	
Amie Newsom	
Paulette Bledsoe	

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, 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 October 6, 2020.

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 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 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
October 6, 2020

SCHEDULE OF DISPOSITION OF PRIOR YEAR FINDINGS

COMMUNITY DEVELOPMENT CENTER

June 30, 2020

There were no prior year findings reported.