

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE,  
AND COMMUNITY DEVELOPMENT CORPORATION, INC.**

**AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTAL DATA**

**FOR THE YEAR ENDED MAY 31, 2019**

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE,  
AND COMMUNITY DEVELOPMENT CORPORATION, INC.**

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**SHEPPARD-HARRIS & ASSOCIATES, P.C.**

*Certified Public Accountants*

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**INDEPENDENT AUDITOR'S REPORT**

**Board of Directors**

**Pickens County Community Action Committee,  
and Community Development Corporation, Inc.  
Carrollton, Alabama**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **Pickens County Community Action Committee and Community Development Corporation, Inc.** (a non-profit organization), which comprise the statement of financial position as of May 31, 2019, and the related statements of activities, 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 **Pickens County Community Action Committee and Community Development Corporation, Inc.** as of May 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

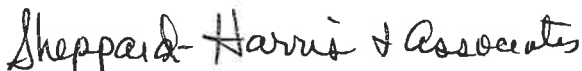
*Other Matters*

*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, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 February 22, 2020, on our consideration of **Pickens County Community Action Committee and Community Development Corporation, Inc.** 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 **Pickens County Community Action Committee and Community Development Corporation, Inc.** internal control over financial reporting and compliance.



Sheppard-Harris & Associates, P.C.  
Birmingham, Alabama  
February 22, 2020

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE, AND COMMUNITY  
DEVELOPMENT CORPORATION, INC.  
STATEMENT OF FINANCIAL POSITION  
MAY 31, 2019**

**ASSETS**

**Current Assets**

|                     |               |
|---------------------|---------------|
| Cash                | \$ 126,759    |
| Accounts Receivable | 3,100         |
| Grants Receivable   | 133,968       |
| Prepaid Insurance   | <u>32,940</u> |

|                             |                |
|-----------------------------|----------------|
| <b>Total Current Assets</b> | <u>296,767</u> |
|-----------------------------|----------------|

**Fixed Assets**

|                                 |                |
|---------------------------------|----------------|
| Property, Plant & Equipment-Net | <u>506,717</u> |
|---------------------------------|----------------|

|                     |                          |
|---------------------|--------------------------|
| <b>Total Assets</b> | <u><u>\$ 803,484</u></u> |
|---------------------|--------------------------|

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

|                  |               |
|------------------|---------------|
| Accounts Payable | \$ 151,089    |
| Deferred Support | <u>59,885</u> |

|                                  |                |
|----------------------------------|----------------|
| <b>Total Current Liabilities</b> | <u>210,974</u> |
|----------------------------------|----------------|

|                          |                |
|--------------------------|----------------|
| <b>Total Liabilities</b> | <u>210,974</u> |
|--------------------------|----------------|

**Net Assets**

|                                      |                |
|--------------------------------------|----------------|
| Without Donor Restrictions (Note 10) | <u>592,510</u> |
|--------------------------------------|----------------|

|                         |                |
|-------------------------|----------------|
| <b>Total Net Assets</b> | <u>592,510</u> |
|-------------------------|----------------|

|   |                          |
|---|--------------------------|
| <b>Total Liabilities and Net Assets</b> | <u><u>\$ 803,484</u></u> |
|---|--------------------------|

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE,  
AND COMMUNITY DEVELOPMENT CORPORATION, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MAY 31, 2019**

|  | <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>      |
|--|---------------------------------------|------------------------------------|-------------------|
| <b><u>Support Revenues and Gains</u></b> |                                       |                                    |                   |
| Federal Grant Revenue                    | \$ -                                  | \$ 3,082,259                       | \$ 3,082,259      |
| Contributions and Grants                 | 286,719                               | -                                  | 286,719           |
| Interest Income                          | 20                                    | -                                  | 20                |
| In-Kind Contributions                    | -                                     | 534,335                            | 534,335           |
| Released from donor restrictions         | 3,616,594                             | (3,616,594)                        | -                 |
| <b>Total Support Revenues and Gains</b>  | <b>3,903,333</b>                      | <b>-</b>                           | <b>3,903,333</b>  |
| <b><u>Expenses</u></b>                   |                                       |                                    |                   |
| Salaries & Wages                         | 1,692,764                             | -                                  | 1,692,764         |
| Fringe Benefits & Taxes                  | 205,260                               | -                                  | 205,260           |
| Supplies                                 | 59,879                                | -                                  | 59,879            |
| Food                                     | 157,589                               | -                                  | 157,589           |
| Office                                   | 22,372                                | -                                  | 22,372            |
| Rent                                     | 6,532                                 | -                                  | 6,532             |
| Maintenance & Repairs                    | 30,260                                | -                                  | 30,260            |
| Professional Fees                        | 18,471                                | -                                  | 18,471            |
| Utilities & Telephone                    | 94,878                                | -                                  | 94,878            |
| Consulting Fees                          | 204,550                               | -                                  | 204,550           |
| Travel & Training                        | 156,096                               | -                                  | 156,096           |
| Insurance                                | 188,325                               | -                                  | 188,325           |
| Client Assistance                        | 263,270                               | -                                  | 263,270           |
| Depreciation Expense                     | 54,458                                | -                                  | 54,458            |
| In Kind                                  | 534,335                               | -                                  | 534,335           |
| Miscellaneous                            | 75,806                                | -                                  | 75,806            |
| <b>Total Expenses</b>                    | <b>3,764,845</b>                      | <b>-</b>                           | <b>3,764,845</b>  |
| <b>Change in Net Assets</b>              | <b>138,488</b>                        | <b>-</b>                           | <b>138,488</b>    |
| <b>Net Assets at Beginning of Year</b>   | <b>454,022</b>                        | <b>-</b>                           | <b>454,022</b>    |
| <b>Net Assets at End of Year</b>         | <b>\$ 592,510</b>                     | <b>\$ -</b>                        | <b>\$ 592,510</b> |

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE,  
AND COMMUNITY DEVELOPMENT CORPORATION, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MAY 31, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES**

|  |                |
|--|----------------|
| Change in Net Assets   | 138,488        |
| Adjustments to reconcile change in net assets to net cash<br>provided by (used by) operating activities: |                |
| Depreciation   | 54,458         |
| Increase in Accounts Receivable  | (3,100)        |
| Increase in Prepaid Expenses   | (7,745)        |
| Decrease in Grants Receivable  | 44,491         |
| Decrease in Accounts Payable   | (94,164)       |
| Increase in Deferred Revenue   | 49,999         |
|  | <u>182,427</u> |
| <b>Net Cash Provided By Operating Activities</b>   | <u>182,427</u> |

**CASH FLOWS FROM INVESTING ACTIVITIES**

|   |                          |
|---|--------------------------|
| Purchase of Equipment                                       | <u>(200,853)</u>         |
| <b>Net Cash Used For Investing Activities</b>               | <u>(200,853)</u>         |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b> | <u>(18,426)</u>          |
| <b>Cash and Cash Equivalents at Beginning of Year</b>       | <u>145,185</u>           |
| <b>Cash and Cash Equivalents at End of Year</b>             | <u><u>\$ 126,759</u></u> |

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE,  
AND COMMUNITY DEVELOPMENT CORPORATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MAY 31, 2019**

|                         | Community<br>Service (CS) | Head<br>Start (HS) | Low- Income<br>Home Energy<br>Assistance(LH) | Pre-K<br>(PREK) | Child & Adult<br>Care Food<br>(USDA) | YouthBuild<br>(YB) | Emergency<br>Food &<br>Shelter (FE) | BlackBelt<br>Alabama<br>Business<br>Charitable<br>Trust (BBC) |
|-------------------------|---------------------------|--------------------|--|-----------------|--------------------------------------|--------------------|-------------------------------------|---|
| <b>EXPENSES:</b>        |                           |                    |  |                 |                                      |                    |                                     |   |
| Salaries & Wages        | \$ 31,059                 | 1,218,741          | 24,772                                       | 151,523         | 44,133                               | 164,710            | -                                   | -   |
| Fringe Benefits & Taxes | 8,275                     | 144,482            | 3,454  | 20,193          | 7,117                                | 17,410             | -                                   | -   |
| Supplies                | 750                       | 18,930             | -  | 2,050           | 24,633                               | 7,100              | 827                                 | -   |
| Food                    | -                         | 662                | -  | 42              | 113,795                              | -                  | 3,744                               | -   |
| Office                  | 3,503                     | 2,114              | -  | 1,874           | -                                    | -                  | -                                   | -   |
| Rent                    | -                         | 3,600              | -  | -               | -                                    | -                  | 2,932                               | -   |
| Maintenance & Repairs   | 5,044                     | 8,113              | -  | 1,508           | -                                    | 11,064             | -                                   | -   |
| Professional Fees       | -                         | -                  | -  | -               | -                                    | -                  | -                                   | -   |
| Utilities & Telephone   | 7,829                     | 59,873             | -  | -               | -                                    | 16,527             | 2,403                               | -   |
| Consulting Fees         | 200                       | 92,898             | -  | -               | -                                    | 43,504             | -                                   | -   |
| Travel & Training       | 5,485                     | 66,115             | -  | 11,579          | -                                    | 49,785             | -                                   | -   |
| Insurance               | 14,838                    | 113,773            | 27   | 11,529          | 2,687                                | 25,095             | -                                   | -   |
| Client Assistance       | 110                       | 695                | 256,814                                      | -               | -                                    | -                  | 334                                 | -   |
| Depreciation Expense    | -                         | -                  | -  | -               | -                                    | -                  | -                                   | -   |
| In Kind                 | -                         | 518,791            | -  | -               | -                                    | 15,544             | -                                   | -   |
| Miscellaneous           | -                         | 2,213              | -  | -               | -                                    | 2,775              | -                                   | 3,214   |
| <b>TOTAL EXPENSES:</b>  | <b>\$ 77,093</b>          | <b>2,251,000</b>   | <b>285,067</b>                               | <b>200,298</b>  | <b>192,365</b>                       | <b>353,514</b>     | <b>10,240</b>                       | <b>3,214</b>  |



**PICKENS COUNTY COMMUNITY ACTION COMMITTEE,  
AND COMMUNITY DEVELOPMENT CORPORATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MAY 31, 2019**

|                         | ABCT         | Other<br>General<br>Programs | PBO<br>Meals  | Total<br>Program<br>Services | General &<br>Administrative | Total<br>Expenses   |
|-------------------------|--------------|------------------------------|---------------|------------------------------|-----------------------------|---------------------|
| <b>EXPENSES:</b>        |              |                              |               |                              |                             |                     |
| Salaries & Wages        | -            | 3,496                        | -             | 1,638,434                    | 54,330                      | \$ 1,692,764        |
| Fringe Benefits & Taxes | -            | -                            | 661           | 201,592                      | 3,668                       | 205,260             |
| Supplies                | -            | -                            | -             | 54,290                       | 5,589                       | 59,879              |
| Food                    | -            | -                            | 36,570        | 154,813                      | 2,776                       | 157,589             |
| Office                  | -            | -                            | -             | 7,491                        | 14,881                      | 22,372              |
| Rent                    | -            | -                            | -             | 6,532                        | -                           | 6,532               |
| Maintenance & Repairs   | -            | -                            | -             | 25,729                       | 4,531                       | 30,260              |
| Professional Fees       | -            | -                            | -             | -                            | 18,471                      | 18,471              |
| Utilities & Telephone   | -            | -                            | -             | 86,632                       | 8,246                       | 94,878              |
| Consulting Fees         | 557          | -                            | -             | 137,159                      | 67,391                      | 204,550             |
| Travel & Training       | -            | -                            | -             | 132,964                      | 23,132                      | 156,096             |
| Insurance               | -            | -                            | 23            | 167,972                      | 20,353                      | 188,325             |
| Client Assistance       | 5,043        | -                            | -             | 262,996                      | 274                         | 263,270             |
| Depreciation Expense    | -            | -                            | -             | -                            | 54,458                      | 54,458              |
| In Kind                 | -            | -                            | -             | 534,335                      | -                           | 534,335             |
| Miscellaneous           | 47           | 67,557                       | -             | 75,806                       | -                           | 75,806              |
| <b>TOTAL EXPENSES:</b>  | <b>5,647</b> | <b>71,053</b>                | <b>37,254</b> | <b>3,486,745</b>             | <b>278,100</b>              | <b>\$ 3,764,845</b> |

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE,  
AND COMMUNITY DEVELOPMENT CORPORATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - NATURE OF OPERATIONS:**

**Pickens County Community Action Committee, and Community Development Corporation, Inc.** is a non-profit agency that engages in the administration of federal, state and local grants intended to aid in the reduction of the effects of poverty on the economically disadvantaged in Pickens County, Alabama. The **Agency** is organized on a non-stock basis and is dependent on contributions and grants as its sources of funds.

**A. Basis of Presentation**

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective June 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

**B. Measure of Operations**

The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities.

**C. New Accounting Pronouncement**

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE,  
AND COMMUNITY DEVELOPMENT CORPORATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - NATURE OF OPERATIONS (Continued):**

**C. New Accounting Pronouncement (Continued):**

information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

**D. Functional Expenses:**

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among supporting services. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

| <u>Expense</u>           | <u>Method of Allocation</u> |
|--------------------------|-----------------------------|
| Grants                   | Time and Effort             |
| Salaries and benefits    | Time and Effort             |
| Education and awareness  | Time and Effort             |
| Occupancy                | Square Footage              |
| Professional services    | Full Time Equivalent        |
| Printing                 | Full Time Equivalent        |
| Information technologies | Full Time Equivalent        |
| Travel                   | Time and effort             |
| Depreciation             | Square Footage              |
| Other                    | Time and effort             |

**E. Income Taxes**

**Pickens County Community Action Committee and Community Development Corporation, Inc.** operates as a nonprofit Program and is exempt from Federal and State income taxation under Section 501 (c) (3) of the Internal Revenue Code. The Program implemented the accounting guidance for uncertainty in income taxes. Under the standards, tax positions need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by tax authorities. As of May 31, 2019, management determined the organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

The Agency's form 990, Return of Organization Exempt From Income Tax, for the years ended May 31, 2016, 2017, and 2018 are subject to examination by Internal Revenue Service, generally for three years after they were filed.

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE,  
AND COMMUNITY DEVELOPMENT CORPORATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 -      NATURE OF OPERATIONS (Continued):**

**G.      Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**H.      Property and Equipment**

It is the organization policy to capitalize property and equipment over \$1,000. Property and equipment purchased with grant funds are owned by the Organization while used in the program for which it was purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the property and equipment purchased with grant funds. Its disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. The property and equipment purchased with grant funds are normally restricted for use in specific programs operated by the Agency. The only restrictions on these assets are that they should be used to benefit the program which purchased the asset. Depreciation is recorded on these assets using the straight-line basis over the estimated useful lives of the assets, primarily three to thirty-nine years, by decreasing equity in assets purchased with federal funds and increasing accumulated depreciation.

Property and equipment are depreciated using the straight-line method. The useful lives of the assets are generally as follows:

|                           |          |
|---------------------------|----------|
| Building and Improvements | 30 years |
| Automobiles               | 5 years  |
| Furniture and fixtures    | 5 years  |

The Organization may not transfer, mortgage, assign, lease or encumber certain property items without prior approval. Improvements and betterments are capitalized, while repairs and maintenance expenditures are expensed in the statement of activities.

**I.      Donated Materials, Facilities and Supplies**

Donations of materials, facilities and supplies are recorded as support at their estimated fair value in the statement of activities and net assets without restrictions, unless the donor has restricted its use.

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE,  
AND COMMUNITY DEVELOPMENT CORPORATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 -      NATURE OF OPERATIONS (Continued):**

**J.      Grants**

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

**K.      Recognition of Grantor/Donor Restrictions**

Support that is restricted by the grantor/donor is reported as an increase in without restriction in net assets if the restriction expires in the reporting period in which the support is recognized. All other grantor/donor with restricted support is reported as an increase in with restriction in net assets, depending on the nature of the restrictions. When a restriction expires, with restriction net assets are reclassified to without restrictions net assets.

**L.      Management Estimates and Assumptions**

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**M.      Advertising Cost**

Advertising costs are expensed as incurred.

**NOTE 2 -      Cash**

Cash at May 31, 2019 was as follows:

| <u>Bank</u>               | <u>Amount</u>     |
|---------------------------|-------------------|
| West Alabama Bank & Trust | <u>\$ 126,759</u> |

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE,  
AND COMMUNITY DEVELOPMENT CORPORATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - Grants Receivable**

Grants Receivable at May 31, 2019 consists of the following:

|                       | <u>Amount</u>     |
|-----------------------|-------------------|
| USDA                  | \$ 40,039         |
| Community Block Grant | 24,137            |
| Head Start            | 43,584            |
| FEMA                  | 5,120             |
| PreK                  | 21,088            |
| Total                 | <u>\$ 133,968</u> |

**NOTE 4 - Fixed Assets**

Property and equipment at May 31, 2019 consisted of the following federally funded assets:

|                                     | <u>2018</u>       | <u>Increase<br/>(Decrease)</u> | <u>2019</u>       |
|-------------------------------------|-------------------|--------------------------------|-------------------|
| Furniture, Equip., and Improvements | 1,212,831         | 200,853                        | 1,413,684         |
| Less: Accumulated Depreciation      | (852,077)         | 54,890                         | (906,967)         |
| Property and Equipment, Net         | <u>\$ 360,754</u> | <u>\$ 255,743</u>              | <u>\$ 506,717</u> |

Depreciation expense for the year ended May 31, 2019 was \$54,458.

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE,  
AND COMMUNITY DEVELOPMENT CORPORATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - Donated Materials, Facilities and Supplies**

**Contributions** – Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions

**In Kind donations-** Donated professional services, facilities and supplies are recorded in the Head Start and Youth Build fund as support and expenses in the amount of \$518,791 and \$5,591 respectively for the fiscal year ended May 31, 2019. Donated professional services are valued based on the fair market value of the services donated. Donated facilities are recorded at the fair rental value of space used. Donated materials and supplies are recorded at the fair market value at the date of donation. Donated non-professional services have been recognized in the Statement of Activities because the criteria for recognition under SFAS No. 116. The donated non-professional services are valued at \$63.77. This value is based on time sheets maintained on the volunteers, using reasonable rates.

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE,  
AND COMMUNITY DEVELOPMENT CORPORATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - Compensated Absences**

The following policies and procedures were adopted by the Board of Directors of **Pickens County Community Action Committee, and Community Development Corporation, Inc.**

**Annual Leave** - Full-time employees accrue 3.692 hours of annual leave per semi-monthly pay period. Annual leave may be accumulated up to a maximum of twelve days for twelve-month employees, and a maximum equal to the amount accrued during the period worked annually for all other employees. Accrued annual leave is not paid upon termination.

**Sick Leave** - Full-time employees accrue 1.25 days per month worked for sick leave. Sick leave may be accumulated up to a maximum of 90 days. Accrued sick leave is not paid upon termination.

Due to the policies and procedures adopted by the Board of Directors of the Agency, the above-described compensated absences are not recorded as a liability.

**NOTE 7 - Employee Retirement Plan**

Substantially all of the **Agency's** employees are covered under a profit sharing plan. To qualify for enrollment in the plan, the employee must have at least three months services. The **Agency** is allowed to make discretionary contributions to the plan. Retirement expense amounted to \$42,450 for the year ended May 31, 2019.

**NOTE 8 - Operating Leases**

The **Agency's** has various leases which are classified as operating leases. Total rent for all leases was \$3,600 for the fiscal year ended May 31, 2019.

Future minimum lease payments under the non-cancellable operating lease with initial or remaining terms of one year or more are as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2019        | 3,600         |
| 2020        | 3,600         |
| 2021        | 3,600         |



**PICKENS COUNTY COMMUNITY ACTION COMMITTEE,  
AND COMMUNITY DEVELOPMENT CORPORATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 - Net Assets With Donor Restrictions:**

Donor restricted net assets consist for the following purposes as of May 31, 2019:

**Subject to Expenditures for Specified Purpose:**

|  |                             |
|--|-----------------------------|
| Program Activities                           |                             |
| To aid in the reduction                      |                             |
| of poverty                                   | <u>\$ 3,616,594</u>         |
| <br>Total net assets with Donor Restrictions | <br><u><u>3,616,594</u></u> |

Releases from Donor Restricted Net Assets for the year ended as of May 31, 2019:

**Subject to Expenditures for Specified Purpose:**

|                           |                            |
|---------------------------|----------------------------|
| To aid in the reduction   |                            |
| of the effects of poverty | <u><u>\$ 3,616,594</u></u> |

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE,  
AND COMMUNITY DEVELOPMENT CORPORATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 - Liquidity**

The Organization's financial assets available within one year of the financial position date for general expenditure are as follows:

|                           | <u>Amount</u>            |
|---------------------------|--------------------------|
| Cash and Cash Equivalents | \$ 126,759               |
| Grants Receivable         | 133,968                  |
| Accounts Receivable       | 3,100                    |
| Prepaid Expenses          | <u>32,940</u>            |
| Total                     | <u><u>\$ 296,767</u></u> |

**NOTE 11 - Date of Management's Review**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 22, 2019, the date the financial statements were available to be issued.

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE ,  
AND COMMUNITY DEVELOPMENT CORPORATION, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED MAY 31, 2019**

| <u>GRANTOR/PROGRAM TITLE</u>                                     | <u>CFDA NO.</u> | <u>GRANTOR'S NO.</u> | <u>EXPENDITURES</u> |
|--|-----------------|----------------------|---------------------|
| <b>Major Programs</b>  |                 |                      |                     |
| <b>U.S. Department of Health and Human Services</b>              |                 |                      |                     |
| Direct Program:  |                 |                      |                     |
| Head Start - Grant #04CH-4707/05-01                              | \$ 94           | N/A                  | \$ 2,065,083        |
| <b>Total Direct</b>  |                 |                      | <u>2,065,083</u>    |
| Pass Through Alabama Department of Community Service Block Grant | 93.569          | CS-017-18            | 17,921              |
| Community Service Block Grant                                    | 94.569          | CS-017-19            | <u>63,659</u>       |
|  |                 |                      | <u>81,580</u>       |
| Low-Income Home Energy Assistance                                | 92.568          | LI-017-18            | 158,798             |
| Low-Income Home Energy Assistance                                | 93.568          | LI-017-19            | <u>191,406</u>      |
|  |                 |                      | <u>350,204</u>      |
| <b>Total Pass-Through</b>  |                 |                      | <u>431,784</u>      |
| <b>Total U.S. Department of Health and Human Services</b>        |                 |                      | <u>2,496,867</u>    |

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE ,  
AND COMMUNITY DEVELOPMENT CORPORATION, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED MAY 31, 2019**

| <b><u>FEDERAL GRANTOR/PASS-THROUGH<br/>GRANTOR/PROGRAM TITLE</u></b> | <b><u>FEDERAL<br/>CFDA NO.</u></b> | <b><u>PASS-THROUGH<br/>GRANTOR'S NO.</u></b> | <b><u>PROGRAM<br/>EXPENDITURES</u></b> |
|--|------------------------------------|--|--|
| <b>U.S. Department of Labor</b>                                      |                                    |  |  |
| Youth Build Program  | 17.274                             | N/A  | <u>393,027</u>                         |
| <b>Total Direct</b>  |                                    |  | <u>393,027</u>                         |
| <b>U.S. Department of Agriculture</b>                                |                                    |  |  |
| Pass Through Alabama Department of<br>Education:                     |                                    |  |  |
| Child and Adult Care Food Program                                    | 10.588                             | N/A  | <u>192,365</u>                         |
| <b>Total Pass-Through</b>  |                                    |  | <u>192,365</u>                         |
| <b>Total Federal Award Expenditures</b>                              |                                    |  | <u><u>\$ 3,082,259</u></u>             |

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE,  
AND COMMUNITY DEVELOPMENT CORPORATION, INC.  
NOTES TO THE SCHEDULE OF FEDERAL EXPENDITURES**

**NOTE 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the financial statements.

**NOTE 2 - Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and State Single Audit Guidelines, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

**NOTE 3 - Subrecipients**

The Organization provided no federal awards to subrecipients during the fiscal year ended May 31, 2019.

**NOTE 4 - Disclosure of Other Forms of Assistance**

The Organization received no federal awards of non-monetary assistance that are required to be disclosed for the fiscal year ended May 31, 2019.

The Organization had no loans or loan guarantees required to be disclosed for the fiscal year ended May 31, 2019.

**NOTE 5 - Property and Equipment**

Property and equipment acquired with grant funds are recorded as expenditures in the period of purchase instead of being capitalized and depreciated over their estimated lives as required by generally accepted accounting principles.

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE,  
AND COMMUNITY DEVELOPMENT CORPORATION, INC.  
SCHEDULE OF SUPPORT AND EXPENSES - BUDGET AND ACTUAL NON-GAAP  
HEAD START GRANT NUMBER 04CH4707/05  
FOR THE YEAR ENDED MAY 31, 2019**

|                                       | <u>APPROVED<br/>BUDGET</u> | <u>ACTUAL</u>    | <u>(OVER)<br/>UNDER</u> |
|---------------------------------------|----------------------------|------------------|-------------------------|
| <b><u>SUPPORT</u></b>                 |                            |                  |                         |
| HHS Funds: Amount Awarded This Period | \$ 2,065,083               | 2,065,083        | \$ -                    |
| Grantee's Contributions               |                            |                  |                         |
| In-Kind                               | 516,271                    | 518,791          | (2,520)                 |
| <b>Total Support</b>                  | <u>2,581,354</u>           | <u>2,583,874</u> | <u>(2,520)</u>          |
| <b><u>EXPENSES</u></b>                |                            |                  |                         |
| Direct Costs                          |                            |                  |                         |
| Personnel                             | 1,218,741                  | 1,218,741        | -                       |
| Fringe Benefits                       | 144,482                    | 144,482          | -                       |
| Travel                                | 66,115                     | 66,115           | -                       |
| Equipment                             | 200,853                    | 200,853          | -                       |
| Supplies                              | 18,930                     | 18,930           | -                       |
| Contractual                           | 92,898                     | 92,898           | -                       |
| Other                                 | 174,395                    | 174,395          | -                       |
| <b>Total Expenses</b>                 | <u>1,916,414</u>           | <u>1,916,414</u> | <u>-</u>                |
| <b>Indirect Costs</b>                 | <u>148,669</u>             | <u>148,669</u>   | <u>-</u>                |
| <b><u>GRANTEE'S SHARE</u></b>         |                            |                  |                         |
| Personnel                             | 171,280                    | 173,800          | (2,520)                 |
| Donated Service                       | 152,600                    | 152,600          | -                       |
| Supplies                              | 5,591                      | 5,591            | -                       |
| Space                                 | 186,800                    | 186,800          | -                       |
| <b>Total Grantee's Share</b>          | <u>516,271</u>             | <u>518,791</u>   | <u>(2,520)</u>          |
| <b>Grand Total</b>                    | <u>2,581,354</u>           | <u>2,583,874</u> | <u>(2,520)</u>          |
| <b>Support over Expenses</b>          | <u>\$ -</u>                | <u>-</u>         | <u>\$ -</u>             |

The notes of the financial statements are an integral part of these financial statements.

**SHEPPARD-HARRIS & ASSOCIATES, P.C.**

*Certified Public Accountants*

214 24<sup>th</sup> Street North • Birmingham, Alabama 35203 • (205) 323-5922 • FAX (205) 323-5926

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**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**

**Pickens County Community Action Committee,  
and Community Development Corporation, Inc.  
Carrollton, Alabama**

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 **Pickens County Community Action Committee and Community Development Corporation, Inc.** (a nonprofit organization), which comprise the statement of financial position as of May 31, 2019, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 22, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the **Pickens County Community Action Committee and Community Development Corporation, Inc.** 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 **Pickens County Community Action Committee and Community Development Corporation, Inc.** internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

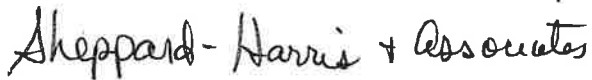
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



Sheppard-Harris & Associates, P.C.  
Birmingham, Alabama  
February 22, 2020



**SHEPPARD-HARRIS & ASSOCIATES, P.C.**

*Certified Public Accountants*

214 24<sup>th</sup> Street North • Birmingham, Alabama 35203 • (205) 323-5922 • FAX (205) 323-5926

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**Board of Directors**

**Pickens County Community Action Committee  
and Community Development Corporation, Inc.  
Carrollton, Alabama**

**Report on Compliance for Each Major Federal Program**

We have audited **Pickens County Community Action Committee and Community Development Corporation, Inc.** compliance with the types of compliance requirements described in the Uniform Guidance that could have a direct and material effect on each of **Pickens County Community Action Committee and Community Development Corporation, Inc.** major federal programs for the year ended May 31, 2019. **Pickens County Community Action Committee and Community Development Corporation, Inc.** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the term and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of **Pickens County Community Action Committee and Community Development Corporation, Inc.** major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Pickens County Community Action Committee and Community Development Corporation, Inc.** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of **Pickens County Community Action Committee and Community Development Corporation, Inc.** compliance.

**Board of Directors  
Pickens County Community Action Committee  
and Community Development Corporation, Inc.  
Page 2**

***Opinion on Each Major Federal Program***

In our opinion, **Pickens County Community Action Committee and Community Development Corporation, Inc.** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2019.


**Report on Internal Control Over Compliance**

Management of **Pickens County Community Action Committee and Community Development Corporation, Inc.** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered **Pickens County Community Action Committee and Community Development Corporation, Inc.** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **Pickens County Community Action Committee and Community Development Corporation, Inc.** internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

  
Sheppard-Harris & Associates, P.C.  
Birmingham, Alabama  
February 22, 2020

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE, AND COMMUNITY  
DEVELOPMENT CORPORATION, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED MAY 31, 2019**

**SECTION I SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

-Material weakness (es) identified?

\_\_\_ yes x no

-Significant deficiency (ies) identified not  
considered to be material weaknesses

\_\_\_ yes x no

-Non compliance material to financial  
statements noted?

\_\_\_ yes x no

**Federal Awards**

Type of auditor's report issued on compliance  
for major programs:

Unmodified

Internal control over major programs:

-Material weakness (es) identified?

\_\_\_ yes x no

-Significant deficiency (ies) identified not  
considered to be material weaknesses  
reported

\_\_\_ yes x none

Any audit findings disclosed that are required to be

-reported in accordance with Uniform Guidance,

-Section.501(a)?

\_\_\_ yes x no

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE, AND COMMUNITY  
DEVELOPMENT CORPORATION, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED MAY 31, 2019**

**IDENTIFICATION OF MAJOR PROGRAMS**

|  |                     |
|--|---------------------|
| Name of Federal Program or Cluster                                       | Head Start          |
| CFDA Number  | 93.600              |
| Dollar threshold used to distinguish between type A and type B Programs: | <u>\$750,000</u>    |
| Auditee qualified as low-risk auditee?                                   | <u>X</u> Yes ___ No |

**SECTION II FINDINGS – FINANCIAL STATEMENT**

None

**SECTION III FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS**

None

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE, AND COMMUNITY  
DEVELOPMENT CORPORATION, INC.  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

There were no audit findings in the prior year.