

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

**AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTAL DATA**

**FOR THE YEAR ENDED MAY 31, 2022**

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

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## **SHEPPARD-HARRIS & ASSOCIATES**

*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**

#### ***Opinion***

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, 2022, and the related statements of activities, cash flows and functional expenses, for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Pickens County Community Action Committee and Community Development Corporation, Inc.** as of May 31, 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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.

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

***Auditors' Responsibility for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

*Supplementary 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* and the schedule of support and expenses budget and actual – Head Start are presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated 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 24, 2023, on our consideration of **Pickens County Community Action Committee and Community Development Corporation, Inc.**'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Pickens County Community Action Committee and Community Development Corporation, Inc.**'s internal control over financial reporting and compliance.

*Sheppard-Harris & Associates*

**Sheppard-Harris & Associates, P.C.  
Birmingham, Alabama  
February 24, 2023**

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE CDC, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEARD ENDED MAY 31, 2022**

**ASSETS**

**Current Assets**

Cash	\$ 684,056
Accounts Receivable	1,139
Grants Receivable	23,465
Accrued Support	15,910
Prepaid Insurance	2,664

<b>Total Current Assets</b>	727,234
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**Fixed Assets**

Property, Plant & Equipment-Net	515,588
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<b>Total Assets</b>	\$ 1,242,822
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**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts Payable	\$ 126,767
Deferred Support	390,648

<b>Total Current Liabilities</b>	517,415
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<b>Total Liabilities</b>	517,415
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**Net Assets**

Without Donor Restrictions (Note 13)	725,407
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<b>Total Net Assets</b>	725,407
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<b>Total Liabilities and Net Assets</b>	\$ 1,242,822
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**PICKENS COUNTY COMMUNITY ACTION COMMITTEE,  
AND COMMUNITY DEVELOPMENT CORPORATION, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MAY 31, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Totals</b>
<b><u>Support and Revenues</u></b>			
Grant Revenue	\$ -	\$ 4,410,861	\$ 4,410,861
Contributions	250,310	-	250,310
Interest Income	21	-	21
In-Kind Contributions	501,825	-	501,825
Net Assets Released From Restriction	4,410,861	(4,410,861)	-
	<u>5,163,017</u>	<u>-</u>	<u>5,163,017</u>
<b>Total Support Revenues and Gains</b>			
	<u>5,163,017</u>	<u>-</u>	<u>5,163,017</u>
<b><u>Expenses</u></b>			
<i>Program Services:</i>			
Community Service	113,061	-	113,061
Head Start	2,470,521	-	2,470,521
Low-Income Home Energy Assistance	1,093,104	-	1,093,104
Child & Adult Care Food	214,075	-	214,075
National Organizations for State and Local Officials	340,916	-	340,916
Other Programs	321,858	-	321,858
	<u>4,553,535</u>	<u>-</u>	<u>4,553,535</u>
<b>Total Program Expenses</b>			
	<u>4,553,535</u>	<u>-</u>	<u>4,553,535</u>
<i>Supporting Services:</i>			
Management and General	512,310	-	512,310
	<u>512,310</u>	<u>-</u>	<u>512,310</u>
<b>Total Expenses</b>			
	<u>5,065,845</u>	<u>-</u>	<u>5,065,845</u>
<b>Change in Net Assets</b>	97,172	-	97,173
<b>Net Assets at Beginning of Year</b>	628,235	-	628,235
<b>Net Assets at End of Year</b>	<u>\$ 725,407</u>	<u>\$ -</u>	<u>\$ 725,407</u>

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE,  
AND COMMUNITY DEVELOPMENT CORPORATION, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MAY 31, 2022**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ 97,172
Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities:	
Depreciation	110,293
Decrease in Grants Receivable	51,038
Increase in Accrued Support	(15,910)
Decrease in Accounts Payable	(14,117)
Decrease in Accrued Expenses	(9,148)
Increase in Deferred Revenue	<u>388,834</u>
<b>Net Cash Provided By Operating Activities</b>	<u><u>608,162</u></u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of Equipment	<u>(219,750)</u>
<b>Net Cash Used For Investing Activities</b>	<u>(219,750)</u>

<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u><u>388,412</u></u>
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<b>Cash and Cash Equivalents at Beginning of Year</b>	<u><u>295,644</u></u>
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<b>Cash and Cash Equivalents at End of Year</b>	<u><u>\$ 684,056</u></u>
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**PICKENS COUNTY COMMUNITY ACTION COMMITTEE ,  
AND COMMUNITY DEVELOPMENT CORPORATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MAY 31, 2022**

	Community Service (CS)	Head Start (HS)	Low- Income Home Energy Assistance(LH)	Child & Adult Care Food (USDA)	National Organization for State and Local Officials
<b>EXPENSES:</b>					
Salaries & Wages	\$ 57,747	1,335,518	58,695	50,340	161,113
Fringe Benefits & Taxes	13,565	261,203	7,726	17,306	29,801
Supplies	863	33,907	-	14,845	13,504
Food	-	1,165	-	131,504	-
Office	1,707	22,564	4,429	-	13,408
Rent	6,259	3,600	-	-	-
Maintenance & Repairs	5,615	36,949	151	-	4,116
Professional Fees	-	1,834	-	-	-
Utilities & Telephone	15,959	70,133	83	-	11,329
Consulting Fees	200	62,132	-	-	78,371
Travel & Training	133	87,915	-	-	4,418
Insurance	10,278	41,533	-	-	15,186
Client Assistance	735	-	1,022,020	-	7,045
Depreciation	-	7,321	-	-	2,625
Miscellaneous	-	2,922	-	80	-
Indirect Cost	-	-	-	-	-
In Kind	-	501,825	-	-	-
Equipment	-	-	-	-	-
<b>TOTAL EXPENSES</b>	<b>\$ 113,061</b>	<b>2,470,521</b>	<b>1,093,104</b>	<b>214,075</b>	<b>340,916</b>

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE ,  
AND COMMUNITY DEVELOPMENT CORPORATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)  
FOR THE YEAR ENDED MAY 31, 2022**

	Other Programs	Total Program Services	General & Administrative	Total Expenses
<b>EXPENSES:</b>				
Salaries & Wages	184,271	1,847,684	106,723	\$ 1,954,407
Fringe Benefits & Taxes	44,660	374,261	25,300	399,561
Supplies	54,892	118,011	2,927	120,938
Food	-	132,669	4,320	136,989
Office	11,571	53,679	3,538	57,217
Rent	-	9,859	-	9,859
Maintenance & Repairs	2,800	49,631	5,987	55,618
Professional Fees	2,400	4,234	859	5,093
Utilities & Telephone	-	97,504	34,174	131,678
Consulting Fees	11,920	152,623	5,504	158,127
Travel & Training	-	92,466	7,829	100,295
Insurance	2,537	69,534	17,143	86,677
Client Assistance	5,899	1,035,699	-	1,035,699
Depreciation Expense	908	10,854	99,439	110,293
Miscellaneous	-	3,002	10,274	13,276
Indirect Cost	-	-	188,293	188,293
In Kind	-	501,825	-	501,825
Equipment	-	-	-	-
<b>TOTAL EXPENSES</b>	<b>321,858</b>	<b>4,553,535</b>	<b>512,310</b>	<b>\$ 5,065,845</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 funding source.

**A. Basis of Presentation**

The financial statements of the Agency 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 Agencies" (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 Agency 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 Agency. The Agency'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 Agency 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 statement of activities report 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 Agency's ongoing activities.

**C. New Accounting Pronouncement**

In February 2016, the FASB issued guidance requiring a lessee to recognize a right-of-use ("ROU") asset and lease liability on the balance sheet for most lease contracts (which include those leases that are currently classified as operating leases under the current accounting standard). Additional disclosures are required to meet the objective of enabling

**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):**

users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from lease contracts. The standard will be effective for **Pickens County Community Action Committee and Community Development Corporation, Inc.** beginning June 1, 2022.

**D. Functional Expenses:**

The costs of providing program and other activities have been summarized on a functional basis in the statement 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, 2022, management determined the Agency 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, 2019, 2020, and 2021 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):**

**F. 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.

**G. Property and Equipment**

It is the Agency's policy to capitalize property and equipment costing over \$5,000. Property and equipment purchased with grant funds are owned by the Agency 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	20-40years
Modular Building	10 years
Furniture and fixtures	Up to 10 years
General Office Equipment	5 years
Computer hardware and peripherals	3-5 years
Computer Software	2-3 years

The Agency 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.

**H. 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 donor 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):**

**I.      Grants**

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

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

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

**K.      Advertising Cost**

Advertising costs are expensed as incurred.

**NOTE 2 -      CASH**

Cash at May 31, 2022 was as follows:

<u>Bank</u>	<u>Amount</u>
West Alabama Bank & Trust	<u>\$684,056</u>

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

**NOTE 3 - ACCOUNTS RECEIVABLE**

Accounts Receivable at May 31, 2022 consists of the following:

	Amount
PBO	<u>\$ 1,140</u>

**NOTE 4 - GRANTS RECEIVABLE**

Grants Receivable at May 31, 2022 consists of the following:

	Amount
USDA	\$ 14,175
Community Block Grant	6,975
Head Start	2,208
National Organizations for State and Local Officials	<u>107</u>
Total	<u>\$ 23,465</u>

**NOTE 5 - FIXED ASSETS**

Property and equipment at May 31, 2022 consisted of the following federally funded assets:

	<u>2021</u>	<u>Increase (Decrease)</u>	<u>2022</u>
Furniture, Equip., and Improvements	1,496,973	219,750	1,716,723
Less: Accumulated Depreciation	<u>(1,090,843)</u>	<u>(110,292)</u>	<u>(1,201,135)</u>
Property and Equipment, Net	<u>\$ 406,130</u>	<u>\$ 109,458</u>	<u>\$ 515,588</u>

Depreciation expense for the year ended May 31, 2022, was \$110,292.

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

**NOTE 6 - DEFERRED REVENUE**

The Agency received funds under contracts with governmental agencies, which were unearned as of May 31, 2022. Amounts received but unearned consists of the following:

	<u>Amount</u>
DHR Supplemental	\$ 366,638
Low - Income Housing Energy Assistance	10,802
Alabama Business Charitable Trust	1,267
Pre-K	<u>11,941</u>
Total	<u><u>\$ 390,648</u></u>

**NOTE 7 - 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 statement 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 fund as support and expenses in the amount of \$501,775 for the fiscal year ended May 31, 2022. 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. The donated non-professional services are valued at \$50. 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 8 - CONCENTRATION OF CREDIT RISK**

Cash and grant receivables are financial instruments with a concentration of credit risk. Concentrations of credit risk occur if holders of financial instruments are similarly affected by changes in economic or other conditions in meeting their contractual obligations. Substantial funding from a single source also represents concentrations of credit risk. Accordingly, the Agency's grants from HHS, as a pass-through from Alabama Department of Economic and Community Affairs (ADECA), is a concentration of credit risk. The maximum loss the Agency would incur due to this risk would be the amounts maintained, invested, and receivable at May 31, 2022, if the parties subject to these risks failed to comply with their contractual obligation(s). Some risks of the Agency have been reduced by FDIC insurance covering federal applicable amounts. The cash accounts held at various financial institutions as of May 31, 2022 carrying values were \$684,056 and the bank balances were \$687,428.

**NOTE 9 - 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 10 - 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 of services. The Agency is allowed to make discretionary contributions to the plan. Retirement expense amounted to \$64,848 for the year ended May 31, 2022.

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

**NOTE 11 - OPERATING LEASES**

The Agency has various leases which are classified as operating leases. Total rent for all leases was \$9,859 for the fiscal year ended May 31, 2022.

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>
2023	\$ 9,859
2024	9,859
2025	9,859
2026	9,859
2027	<u>9,859</u>
Total	<u>\$ 49,295</u>

**NOTE 12 - COMMITMENTS AND CONTINGENCIES**

**Program Funding**

Continued program funding is contingent upon the availability of funds from federal, state, and county sources, and project performance. The funds are generally awarded on an annual basis upon the acceptance of a budget estimate for the current year or approval of a program re-application.

**NOTE 13 - NET ASSETS WITHOUT DONOR RESTRICTIONS:**

Net assets without donor restrictions consist of resources available for the operation and administration of the Agency, and grants that have not been restricted by outside parties. As of May 31, 2022 the Agency had net assets without donor restriction in the amount of \$725,407.

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

**NOTE 14 - LIQUIDITY**

The Agency'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	\$ 684,056
Accounts Receivable	1,140
Grants Receivable	23,465
Prepaid Expenses	<u>2,664</u>
Total	<u>\$ 711,325</u>

As part of the Agency's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

**NOTE 15 - DATE OF MANAGEMENT'S REVIEW**

In preparing these financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through February 24, 2023, 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, 2022**

<b>FEDERAL GRANTOR/PASS-THR FOR THE YEAR GRANTOR/PROGRAM TITLE</b>	<b>LISTING NUMBER</b>	<b>PASS-THROUGH GRANTOR'S NO.</b>	<b>PROGRAM EXPENDITURES</b>
<b>U.S. Department of Health and Human Services</b>			
Direct Program:			
Head Start - Grant #04CH-4707/05-01	93.600	N/A	\$ 2,000,416
Head Start American Rescue	93.600	N/A	212,456
Head Start COVID 19	93.600	N/A	<u>67,845</u>
			2,280,717
National Organization for State and Local Officials	93.011	N/A	<u>434,798</u>
<b>Total Direct</b>			<u>2,715,515</u>
Pass Through Alabama Department of Community Service Block Grant	93.569	CS-017-21	52,679
Community Service Block Grant	93.569	CS-017-22	32,386
Community Service Block Grant	93.569	CS-017- CARES	<u>22,016</u>
			<u>107,081</u>
Low-Income Home Energy Assistance	93.568	LI-017-21	494,378
Low-Income Home Energy Assistance	93.568	LI-017-22	233,459
Low-Income Home Energy Assistance	93.568	LI-017-CARES	42,455
Low-Income Home Energy Assistance	93.568	LI-017-Rescue Plan	<u>312,551</u>
			<u>1,082,843</u>
<b>Total Pass-Through</b>			<u>1,189,925</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>3,905,440</u>

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE  
AND COMMUNITY DEVELOPMENT CORPORATION, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED MAY 31, 2022**

<b>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</b>	<b>ASSISTANCE LISTING NUMBER</b>	<b>PASS-THROUGH GRANTOR'S NO.</b>	<b>PROGRAM EXPENDITURES</b>
<b>U.S. Department of Agriculture</b>			
Pass Through Alabama Department of Education:			
Child and Adult Care Food Program	10.588	2021	48,556
Child and Adult Care Food Program	10.588	2022	<u>140,443</u>
<b>Total Pass-Through</b>			<u>188,999</u>
<b>Total Federal Award Expenditures</b>			<u><u>\$ 4,094,439</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 (the SEFA) summarizes the federal expenditures of the Organization under programs of the federal government for the year ended May 31, 2022. The amount reported as federal expenditures were obtained from the Organization's general ledger. The information in this Schedule 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)*. Because the SEFA presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets and cash flows of the Organization.

For purposes of the SEFA, federal awards include all grants, contracts, and similar agreements entered into directly with the federal government and other pass-through entities. The Organization has obtained Assistance Listing Number (ALN) numbers to ensure that all programs have been identified in the SEFA. ALN numbers have been appropriately listed by applicable programs. Federal programs with different ALN numbers that are closely related because they share common compliance requirements are defined as a cluster by the Uniform Guidance.

**NOTE 2 - RELATIONS OF THE SCHEDULE TO PROGRAM FINANCIAL REPORTS**

The amounts reflected in the financial reports submitted to the awarding federal and/or pass-through agencies and the SEFA for the year end may differ. Some of the factors that may account for any differences include the following:

- The Organization's fiscal year end may differ from the program's year end.
- Accruals recognized in the SEFA, because of year end procedures, may not be reported in the program financial reports until the next program reporting period.
- Fixed asset purchased and the resultant depreciation charges are recognized as fixed assets in the Organization's financial statements and as expenditures in the program financial reports.

**NOTE 3 - FEDERAL PASS-THROUGH FUNDS**

The Organization is also the sub-recipient of federal funds that have been subjected to testing and are reported as expenditures and listed as federal pass-through funds. Federal awards other than those indicated as pass-through are considered direct.

**NOTE 4 - 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, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

**NOTE 5 - NONCASH ASSISTANCE**

The Organization did not receive any federal noncash assistance for the year ending May 31, 2022.

**NOTE 6 - INDIRECT COST RATE**

The Organization elected not to use the 10% de minimis cost rate.

**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, 2022**

	<u>APPROVED BUDGET</u>	<u>ACTUAL</u>	<u>(OVER) UNDER</u>
<b><u>SUPPORT</u></b>			
HHS Funds: Amount Awarded This Period	\$ 2,003,623	2,000,416	\$ 3,207
Grantee's Contributions			
In-Kind	494,953	501,825	(6,872)
<b>Total Support</b>	<u>2,498,576</u>	<u>2,502,241</u>	<u>(3,665)</u>
<b><u>EXPENSES</u></b>			
Direct Costs			
Personnel	1,200,220	1,229,994	(29,774)
Fringe Benefits	300,166	246,625	53,541
Travel	34,623	37,359	(2,736)
Equipment	-	-	-
Supplies	40,000	40,400	(400)
Contractual	65,000	60,482	4,518
Other	170,600	210,299	(39,699)
<b>Total Expenses</b>	<u>1,810,609</u>	<u>1,825,159</u>	<u>(14,550)</u>
<b>Indirect Costs</b>	<u>193,014</u>	<u>175,257</u>	<u>17,757</u>
<b><u>GRANTEE'S SHARE</u></b>			
Personnel	-	-	-
Donated Service	215,630	221,825	(6,195)
Supplies	4,323	-	4,323
Space	275,000	280,000	(5,000)
<b>Total Grantee's Share</b>	<u>494,953</u>	<u>501,825</u>	<u>(6,872)</u>
<b>Grand Total</b>	<u>2,498,576</u>	<u>2,502,241</u>	<u>(3,665)</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**

*Certified Public Accountants*

214 24<sup>th</sup> Street North • Birmingham, Alabama 35203 • (205) 323-5922 • FAX (205) 449-1223

**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, 2022, 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 24, 2023.

**Report on 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.**'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Pickens County Community Action Committee and Community Development Corporation, Inc.**'s 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.

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the **Pickens County Community Action Committee and Community Development Corporation, Inc.**'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 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 24, 2023**



**SHEPPARD-HARRIS & ASSOCIATES**

*Certified Public Accountants*

214 24<sup>th</sup> Street North • Birmingham, Alabama 35203 • (205) 323-5922 • FAX (205) 449-1223

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND 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**

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

We have audited **Pickens County Community Action Committee and Community Development Corporation, Inc.**'s 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.**'s major federal programs for the year ended May 31, 2022. **Pickens County Community Action Committee and Community Development Corporation, Inc.**'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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, 2022.

***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the **Pickens County Community Action Committee and Community Development Corporation, Inc.** and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the **Pickens County Community Action Committee and Community Development Corporation, Inc.** compliance with the compliance requirements referred to above.

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

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***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the **Pickens County Community Action Committee and Community Development Corporation, Inc.** federal programs.

***Auditor's Responsibility for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the **Pickens County Community Action Committee and Community Development Corporation, Inc.'s** compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about **Pickens County Community Action Committee and Community Development Corporation, Inc.'s** compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the **Pickens County Community Action Committee and Community Development Corporation, Inc.'s** compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the **Pickens County Community Action Committee and Community Development Corporation, Inc.'s** internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 **Pickens County Community Action Committee and Community Development Corporation, Inc.'s** internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.


**Report on 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. 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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 24, 2023**

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE, AND COMMUNITY  
DEVELOPMENT CORPORATION, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED MAY 31, 2022**

**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, 2022**

**IDENTIFICATION OF MAJOR PROGRAMS**

Name of Federal Program or Cluster	LIHEAP
Assistance Listing Number	93.568
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 <u>  </u> 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.