

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

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL DATA**

FOR THE YEAR ENDED MAY 31, 2018

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

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SHEPPARD-HARRIS & ASSOCIATES, P.C.

Certified Public Accountants

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

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, 2018, 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, 2018, 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, 2019, 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, 2019

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE, AND COMMUNITY
DEVELOPMENT CORPORATION, INC.
STATEMENT OF FINANCIAL POSITION
MAY 31, 2018**

ASSETS

Current Assets

Cash	\$	145,185
Grants Receivable		178,459
Prepaid Expense		25,195
		348,839
Total Current Assets		348,839

Fixed Assets

Property, Plant & Equipment-Net		360,754
		360,754
Total Assets	\$	709,593

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$	245,685
Deferred Support		9,886
		255,571
Total Current Liabilities		255,571
Total Liabilities		255,571

Net Assets

Net Assets - Unrestricted		93,268
Net Assets - Federally Funded		360,754
		454,022
Total Net Assets		454,022
Total Liabilities and Net Assets	\$	709,593

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

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE,
AND COMMUNITY DEVELOPMENT CORPORATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2018**

UNRESTRICTED NET ASSETS

Support and Revenues

Grant Revenue	\$ 3,395,880
Other Revenues	49,640
In-Kind Contributions	547,002
	599,642

Increase in Unrestricted Net Assets	3,992,522
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Expenses

Program Services

Head Start	2,352,882
Low-Income Home Energy Assistance	299,919
Community Services Block Grant	77,320
Alabama Business Charitable Trust	6,325
Pre Kindergarten	252,657
Youth Build	418,540
PBO/Reach Meal	31,648
	3,439,291

Total Program Services	3,439,291
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Supporting Services

Administration	320,538
	320,538

Total Supporting Services	320,538
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Decrease in Unrestricted Net Assets (Net)	3,759,829
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Change in Unrestricted Net Assets	232,693
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Net Assets at Beginning of Year	221,329
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Net Assets at End of Year	\$ 454,022
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The notes of the financial statements are an integral part of these statements.

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE,
AND COMMUNITY DEVELOPMENT CORPORATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 232,693
Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities:	
Depreciation	41,768
Decrease in Accounts Receivable	2,676
Increase in Grants Receivable	(154,098)
Increase in Accounts Payable	195,789
Decrease in Deferred Revenue	<u>(3,872)</u>
Net Cash Provided By Operating Activities	<u>314,956</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment in Federally Funded Fixed Assets	<u>(232,248)</u>
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Net Cash Used For Investing Activities	<u>(232,248)</u>
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Net Increase (Decrease) in Cash and Cash Equivalents	<u>82,708</u>
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Cash and Cash Equivalents at Beginning of Year	<u>62,477</u>
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Cash and Cash Equivalents at End of Year	<u><u>\$ 145,185</u></u>
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The notes of the financial statements are an integral part of these statements.

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE,
AND COMMUNITY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2018**

NOTE 1 -

Summary of Significant Accounting Policies:

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 Accounting

The financial statements of the Agency have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

B. Tax Exempt Status

The Agency is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an other-than-private foundation.

C. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Agency considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

D. Property and Equipment

It is the Organization policy to capitalized property and equipment over \$1,000. 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.

E. Grants

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

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE,
AND COMMUNITY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2018**

NOTE 1 - Summary of Significant Accounting Policies (Continued):

F. Recognition of Grantor/Donor Restrictions

Support that is restricted by the grantor/donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other grantor/donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

H. 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.

I. Advertising Cost

Advertising costs are expensed as incurred.

NOTE 2 - Cash

Cash at May 31, 2018 was as follows:

<u>Bank</u>	<u>Amount</u>
West Alabama Bank & Trust	<u>\$ 145,185</u>

NOTE 3 - Grants Receivable

Grants Receivable at May 31, 2018 consists of the following:

	<u>Amount</u>
USDA	\$ 16,894
Community Block Grant	26,354
Head Start	72,013
LIHEAP	57,763
Youth Builds	<u>5,435</u>
Total	<u>\$ 178,459</u>

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE,
AND COMMUNITY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2018**

NOTE 4 - Fixed Assets

Property and equipment at May 31, 2018 consisted of the following federally funded assets:

	2017	Increase (Decrease)	2018
Furniture, Equip., and Improvements	980,583	232,248	1,212,831
Less: Accumulated Depreciation	(810,309)	41,768	(852,077)
Property and Equipment, Net	\$ 170,274	\$ 274,016	\$ 360,754

Depreciation expense for the year ended May 31, 2018 was \$41,768.

NOTE 5 - Donated Materials, Facilities and Supplies

Donated professional services, facilities and supplies are recorded in the Head Start and Youth Build fund as support and expenses in the amount of \$509,619 and \$37,383 respectively for the fiscal year ended May 31, 2018. 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 \$63,775. This value is based on time sheets maintained on the volunteers, using reasonable rates.

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 6 hours of annual leave per semi-monthly pay period. Annual leave may be accumulated up to a maximum of 18 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.

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE,
AND COMMUNITY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2018**

NOTE 7 - Compensated Absences (continued)

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 8 - 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 \$53,644 for the year ended May 31, 2018.

NOTE 9 - 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, 2018.

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

NOTE 10 - 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, 2017**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NO.</u>	<u>PASS-THROUGH GRANTOR'S NO.</u>	<u>PROGRAM EXPENDITURES</u>
Major Programs			
U.S. Department of Health and Human Services			
Direct Program:			
Head Start - Grant #04CH-4707/01	93.600	N/A	\$ <u>2,038,473</u>
Total Direct			<u>2,038,473</u>
Pass Through Alabama Department of Economic and Community Affairs:			
Community Service Block Grant	93.569	CS-017-17	29,061
Community Service Block Grant	93.569	CS-017-18	<u>65,926</u>
			<u>94,987</u>
Low-Income Home Energy Assistance	93.568	LI-017-17	168,983
Low-Income Home Energy Assistance	93.568	LI-017-18	<u>199,468</u>
			<u>368,451</u>
Total Pass-Through			<u>463,438</u>
Total U.S. Department of Health and Human Services			<u>2,501,911</u>

Note: The accompanying schedules of expenditures of Federal Awards is prepared on the accrual basis of accounting. The agency elected not to use the 10% de minimis cost rate.

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE,
AND COMMUNITY DEVELOPMENT CORPORATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MAY 31, 2018**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NO.</u>	<u>PASS-THROUGH GRANTOR'S NO.</u>	<u>PROGRAM EXPENDITURES</u>
U.S. Department of Labor Youth Build Program	17.274	N/A	<u>401,751</u>
U.S. Department of Agriculture Pass Through Alabama Department of Education: Child and Adult Care Food Program	10.588	N/A	<u>174,905</u>
Total Federal Award Expenditures			<u><u>\$ 3,078,567</u></u>

Note: The accompanying schedules of expenditures of Federal Awards is prepared on the accrual basis of accounting.

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE,
AND COMMUNITY DEVELOPMENT CORPORATION, INC.
SCHEDULE OF SUPPORT AND EXPENSES - BUDGET AND ACTUAL
HEAD START GRANT NUMBER 04CH4707/02
FOR THE YEAR ENDED MAY 31, 2018**

	<u>APPROVED BUDGET</u>	<u>ACTUAL</u>	<u>(OVER) UNDER</u>
<u>SUPPORT</u>			
HHS Funds: Amount Awarded This Period	\$ 2,038,473	2,038,473	\$ -
Grantee's Contributions			
In-Kind	509,619	509,619	-
Total Support	<u>2,548,092</u>	<u>2,548,092</u>	<u>-</u>
<u>EXPENSES</u>			
Direct Costs			
Personnel	1,048,612	1,071,478	(22,866)
Fringe Benefits	255,963	256,846	(883)
Travel	6,572	7,112	(540)
Equipment	234,552	232,248	2,304
Supplies	48,447	47,280	1,167
Contractual	53,500	43,615	9,885
Other	242,158	231,225	10,933
Total Expenses	<u>1,889,804</u>	<u>1,889,804</u>	<u>-</u>
Indirect Costs	<u>148,669</u>	<u>148,669</u>	<u>-</u>
<u>GRANTEE'S SHARE</u>			
Personnel	143,722	143,722	-
Donated Service	63,775	63,775	-
Travel	-	-	-
Supplies	27,122	27,122	-
Space	275,000	275,000	-
Total Grantee's Share	<u>509,619</u>	<u>509,619</u>	<u>-</u>
Grand Total	<u>2,548,092</u>	<u>2,548,092</u>	<u>-</u>
Support over Expenses	<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 24th Street North • Birmingham, Alabama 35203 • (205) 323-5922 • FAX (205) 323-5926

**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, 2018, 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, 2019.

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.

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

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

Sheppard-Harris & Associates, P.C.
Birmingham, Alabama
February 22, 2019

SHEPPARD-HARRIS & ASSOCIATES, P.C.

Certified Public Accountants

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

**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, 2018. **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, 2018.

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, 2019

**PICKENS COUNTY COMMUNITY ACTION COMMITTEE, AND COMMUNITY
DEVELOPMENT CORPORATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MAY 31, 2018**

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, 2018**

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.