

**TEMPE COMMUNITY ACTION AGENCY, INC.**

**Financial Statements and Schedules  
with  
Auditor's Reports**

**Year ended June 30, 2022 and 2021**

**DOUGLAS P. KIENITZ, CPA, P.C.**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Tempe Community Action Agency, Inc.:

### Report on the Audit of the Financial Statements

#### Opinion

I have audited the accompanying financial statements of Tempe Community Action Agency, Inc., which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Tempe Community Action Agency, Inc. as of June 30, 2022, 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.

#### Basis of Opinion

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Organization and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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, and for 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.

#### Auditor's Responsibilities for the Audit of the Financial Statements

My 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 auditor's report that includes my 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*, I:

- 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 the Organization'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

#### **Report on Summarized Comparative Information**

I have previously audited Tempe Community Action Agency, Inc.'s 2021 financial statements (not presented herein), and I expressed an unmodified audit opinion on those audited financial statements in my report dated January 11, 2022. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

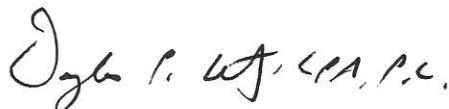
#### **Other Information**

My 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 (CFR) 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 my 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*, I have also issued my report dated May 17, 2023, on my consideration of the Organization's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

May 17, 2023





**TEMPE COMMUNITY ACTION AGENCY, INC.**

**Statements of Financial Position**

**June 30, 2022**

**(with comparative totals at June 30, 2021)**

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Current Assets:		
Cash and cash equivalents	\$ 1,608,594	1,303,963
Grants receivable	478,468	327,696
Promises to give (current portion)	164,207	60,000
Prepaid expenses	83,039	49,931
Total current assets	<u>2,334,308</u>	<u>1,741,590</u>
Property and equipment, net	148,877	145,568
Promises to give, net	169,066	237,817
Investments	<u>795,386</u>	<u>496,241</u>
Total assets	\$ <u>3,447,637</u>	<u>2,621,216</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 20,813	3,849
Accrued payroll and related expenses	149,811	149,660
Deferred revenue	262,368	7,985
Total current liabilities	<u>432,992</u>	<u>161,494</u>
<u>NET ASSETS</u>		
Net assets:		
With donor restrictions	1,358,489	1,019,842
Board designated reserves (without donor restrictions)	783,122	6,000
Without donor restrictions	<u>873,034</u>	<u>1,433,880</u>
Total net assets	<u>3,014,645</u>	<u>2,459,722</u>
Total liabilities and net assets	\$ <u>3,447,637</u>	<u>2,621,216</u>

See accompanying notes to financial statements

**TEMPE COMMUNITY ACTION AGENCY, INC.**

**Statements of Activities**

**Year ended June 30, 2022  
(with comparative totals for year ended June 30, 2021)**

	Without Donor Restrictions	With Donor Restrictions	<u>2022</u>	<u>2021</u>
Revenue and Support:				
Grant income	\$ 2,726,675	-	2,726,675	2,251,931
United Way contributions	226,550	-	226,550	197,800
Contributions	822,741	917,960	1,740,701	1,102,429
In-kind contributions	1,221,833	-	1,221,833	1,046,236
Project income	42,400	-	42,400	49,216
Investment (loss) gain	(99,601)	-	(99,601)	42,809
Other income	11,737	-	11,737	262,500
	<u>4,952,335</u>	<u>917,960</u>	<u>5,870,295</u>	<u>4,952,921</u>
Special Events:				
Revenues from special events	106,264	-	106,264	12,117
Less direct donor benefits	(52,371)	-	(52,371)	(29,778)
Gross profit (loss) on special events	53,893	-	53,893	(17,661)
Net assets released from restrictions	579,313	(579,313)	-	-
Total revenue and support	<u>5,585,541</u>	<u>338,647</u>	<u>5,924,188</u>	<u>4,935,260</u>
Expenses:				
Program services expense:				
Adult & family services	3,477,870	-	3,477,870	2,966,279
Senior services	1,134,232	-	1,134,232	1,124,748
Program services expense:				
Management and general	245,300	-	245,300	240,489
Fundraising	511,863	-	511,863	219,310
Total expenses	<u>5,369,265</u>	<u>-</u>	<u>5,369,265</u>	<u>4,550,826</u>
Change in Net Assets	216,276	338,647	554,923	384,434
Net Assets, Beginning of Year	<u>1,439,880</u>	<u>1,019,842</u>	<u>2,459,722</u>	<u>2,075,288</u>
Net Assets, End of Year	\$ <u>1,656,156</u>	<u>1,358,489</u>	<u>3,014,645</u>	<u>2,459,722</u>

See accompanying notes to financial statements

**TEMPE COMMUNITY ACTION AGENCY, INC.**

**Statements of Functional Expenses**

**Year ended June 30, 2022  
(with comparative totals for year ended June 30, 2021)**

	Program Services			Supporting Services			Totals	
	Adult & Family Services	Senior Services	Total Program Services	Management and General	Fund Raising	Supporting Services	2022	2021
Salaries and wages	\$ 1,042,252	355,362	1,397,614	130,542	252,888	383,430	1,781,044	1,606,089
Employee related expenses	262,754	89,537	352,291	3,416	42,038	45,454	397,745	359,414
Professional and outside services	51,809	18,659	70,468	31,208	179,423	210,631	281,099	75,147
Travel and transportation	50,404	20,532	70,936	1,967	2,527	4,494	75,430	58,459
Materials and supplies	6,553	1,758	8,311	7,995	1,032	9,027	17,338	23,293
Meals and dining supplies	1,023,914	420,538	1,444,452	-	-	-	1,444,452	1,334,724
Operating services	270,690	33,654	304,344	68,498	32,697	101,195	405,539	447,125
Occupancy	116,209	93,192	209,401	-	-	-	209,401	209,401
Program services/direct assistance to individuals	585,444	94,939	680,383	-	-	-	680,383	361,685
Total functional expenses before depreciation	3,410,029	1,128,171	4,538,200	243,626	510,605	754,231	5,292,431	4,475,337
Depreciation	67,841	6,061	73,902	1,674	1,258	2,932	76,834	75,489
Total functional expenses	\$ 3,477,870	1,134,232	4,612,102	245,300	511,863	757,163	5,369,265	4,550,826

See accompanying notes to financial statements.



**TEMPE COMMUNITY ACTION AGENCY, INC.**

**Statements of Cash Flows**

**Year ended June 30, 2022  
(with comparative totals for year ended June 30, 2021)**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash received from contributions and grantor agencies	\$ 4,914,107	3,611,655
Interest income	1,034	9,987
Cash paid to vendors and employees	<u>(4,130,317)</u>	<u>(3,504,971)</u>
Net cash provided by operating activities	<u>784,824</u>	<u>116,671</u>
Cash flows from investing activities:		
Purchase of investments	(400,000)	(300,000)
Purchase of property and equipment	<u>(80,193)</u>	<u>(41,204)</u>
Net cash used for investing activities	<u>(480,193)</u>	<u>(341,204)</u>
Net increase (decrease) in cash and cash equivalents	304,631	(224,533)
Cash and cash equivalents, beginning of year	<u>1,303,963</u>	<u>1,528,496</u>
Cash and cash equivalents, end of year	\$ <u>1,608,594</u>	<u>1,303,963</u>
Reconciliation of change in net assets to net cash (used for) provided for operating activities:		
Change in net assets	\$ 554,923	384,434
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Change in present value discount on promises to give	18,524	110,028
Depreciation	76,834	75,489
Unrealized/realized (gain) loss on investments	100,855	(42,018)
Forgiveness of Paycheck Protection Program Loan	-	(262,500)
Changes in operating assets and liabilities:		
(Increase) in:		
Grants receivable	(150,722)	(151,659)
Promise to give	(53,980)	-
Prepaid expenses	(33,108)	(22,322)
Increase (decrease) in:		
Accounts payable	16,964	(5,245)
Accrued expenses	151	27,186
Deferred revenue	<u>254,383</u>	<u>3,278</u>
Net cash provided by operating expenses	\$ <u>784,824</u>	<u>116,671</u>

See accompanying notes to financial statements

**TEMPE COMMUNITY ACTION AGENCY, INC.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2022 and 2021**  
**(with comparative totals for June 30, 2021)**

(1) Nature of Operations

Nature of Activities - Tempe Community Action Agency, Inc. (TCAA) was founded in 1966 and is an Arizona not-for-profit corporation headquartered in Tempe, Arizona. TCAA's service area spans the eastern portion of Maricopa County outside the City of Phoenix. TCAA's mission is to eliminate poverty and advance equitable communities. Our capacity to bring about positive change impacts over 33,000 unduplicated children and adults annually. This is equivalent to one in seven Tempe residents.

The capabilities of our experienced staff of 45 are monumentally enhanced with involvement from public and private partners, and the active engagement of more than 400 volunteers contributing more than 25,000 hours annually - the equivalent of 12 full-time positions.

TCAA clients include adults at risk of or experiencing homelessness, families in crisis, disabled and older adults seeking help to live independently, food insecure adults and families, low-income families from communities of color who are expecting a baby, and under or un-employed individuals desiring to improve their economic status. These are examples of community members who benefit from TCAA program services.

We help individuals and families enhance their stability and security by providing highly responsive support that helps them meet their goals. Our core services focus on two primary areas of impact: Senior Services, and Adult & Family Services.

TCAA's services are provided through the following programs:

Adult and Family Services: TCAA operates five programs designed to intervene with an individual or family during a crisis and/or help move them towards greater self-reliance. These programs include:

Community Action Program (CAP): In FY22, a total of 5,642 Tempe households (an estimated 11,284 adults and children) received CAP services including emergency rent/mortgage and utility assistance, crisis case management, and resource navigation assistance during a temporary crisis. TCAA screened households for eligibility and authorized payment of more than \$13,320,000 in public and private funds for overdue rent, utility, or mortgage bills during the fiscal year.

Interfaith Emergency Lodging Program (I-HELP) & Oasis Drop-In Center: The I-HELP Shelter program involves a network of faith-based organizations who offer their facilities for safe overnight sleeping spaces for 40 beds on a nightly basis. Volunteer groups provide the evening meal service, while TCAA's case management team assists enrolled adults with alleviating barriers to entering permanent housing. In FY22, 381 adults were sheltered in the I-HELP program, among which, 300 participated in case management services and 39 transitioned to housing. More than 6,130 visits from unsheltered persons were made to the Oasis Drop-In Center, which offers a range of resources for unsheltered individuals such as emergency food, access to mail, phones, and computers, and assistance with recovering lost identification documents.

Health Start: The Health Start program served 1,435 adults and children from across the East Valley. Services included parenting skills training, nutrition education, access to pre-natal and post-partum medical services, counseling services, early childhood development screenings, life skills training, and resource navigation, offered by experienced Community Health Workers. During FY22, 113 babies were born to expectant parents, among which, 98% were born within healthy birthweights.

Food Pantry and Garden: TCAA provides access to emergency food boxes at our site as well as through distribution at local schools and home-delivery. In FY22, 15,777 individuals of all ages were served by the Food Pantry including 2,450 first-time customers, while 2,103 students and families received TCAA's food boxes at Tempe/Kyrene School sites. Including repeat visits, a total of 36,387 people were fed by this vital program. More than 19,040 food boxes/bags were distributed by TCAA, containing a total of 621,000 pounds of food - enough to provide 518,113 meals to people in need. Food boxes are supplemented with fresh produce grown in TCAA's Escalante Community Garden.



**TEMPE COMMUNITY ACTION AGENCY, INC.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2022 and 2021**  
**(with comparative totals for June 30, 2021)**

(1) Nature of Operations (continued)

Financial Success Center: The Financial Success Center serves low to moderate income households and local employers seeking to hire qualified candidates. During the FY22 period, 94 adult participants received employment assistance, income supports, and/or financial coaching from TCAA. The average wage at job placement was \$17.24 per hour. Participants improved their credit scores by an average of 76 points.

Senior Services: TCAA's Senior Independence programming provides the necessary resources and services to enhance the lives of older adults and adults with disabilities and promotes independent living. Services are offered in senior centers as well as in-home service for seniors and adults with disabilities.

Senior Center Lunch Programs: TCAA provides nutritious, hot, catered meals to seniors and adults with disabilities at Tempe and Scottsdale Multi-Generational Centers. During FY22, 289 older adults and adults with disabilities were served at Tempe and Scottsdale Senior Centers. TCAA also provides a home-delivered meal service for homebound adults in Tempe and South Scottsdale. During the fiscal year, 459 seniors and adults with disabilities received the HDM service. A total of 76,563 meals and wellness checks were provided during the year.

Neighbors Helping Neighbors: The NHN program assists Tempe seniors - most of whom live alone - with non-medical support services for healthy aging in place. In FY22, 193 Tempe seniors were served in the NHN program, among which, 134 received case management services, 186 received non-medical in-home care (rides, friendly visits, held in the home/yard, or pet care), and 1,226 case management interactions were completed.

(2) Summary of Significant Accounting Policies

New Accounting Pronouncement - In May, 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-19, Revenue from Contracts with Customers (Topic 606), that will supersede most current revenue recognition guidance, including industry-specific guidance. The core principle of the new guidance is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include the capitalization and amortization of certain contract costs, ensuring the time value of money is considered in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. Additionally, the guidance requires disclosures related to the nature, amount, timing, and uncertainty of revenue that is recognized. The effective date for non-public entities is for annual reporting periods beginning after December 15, 2019, with earlier application permitted. Management has evaluated the guidance and is of the opinion there will be no significant impact on the financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). ASU 2016-02 requires that a lease liability and related right-of-use asset representing the lessee's right to use or control the asset be recorded on the balance sheet upon the commencement of all leases except for short-term leases. Leases will be reclassified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. The ASU is effective for fiscal year beginning after December 15, 2021. Early adoption is permitted. Management of the Organization is currently evaluating the impact of the pronouncement on its financial statements. TCAA will implement the new standard in the audit year ending June 30, 2023.

Significant accounting policies follow:

- (a) Assets, liabilities, revenues, and expenses are recognized on the accrual basis of accounting in which revenues are recognized when earned and expenditures are recognized when the obligation has been incurred.
- (b) Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of restrictions specified by the donor.



**TEMPE COMMUNITY ACTION AGENCY, INC.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2022 and 2021**  
**(with comparative totals for June 30, 2021)**

(2) Summary of Significant Accounting Policies (continued)

- (c) Investments consist of pooled funds held with Arizona Community Foundation that have readily determinable fair values and donated land which is reported at the property tax appraised value at the date of donation. Investment income or loss (including gains and losses on investments) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income is restricted by donor or law.
- (d) The carrying value of grants and contributions receivable, other current assets, accounts payable, accrued salaries and related expenses, and deferred revenues approximate fair value due to the short-term nature of those instruments.
- (e) Unconditional promises to give (pledges) are recognized as assets and contribution revenue in the period the promise to give are received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Unconditional promises to give to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at the fair value of their estimated future cash flows as of the date of the promises to give through the use of an expected present value calculation which discounts the risk adjusted cash flows by an estimated risk-free interest rate. In periods subsequent to initial recognition, promises to give are reported at the amount management expects to collect and are discounted over the collection period using the same interest rate determined at the time of initial recognition. The change in estimated value of the future cash is recorded as a change on the statement of activities and the estimate is adjusted up or down as the estimate changes each year.

An allowance for uncollectible promises to give is estimated based on TCAA's collection history and is presented as a component of net promise to give receivable. The change in estimate for uncollectible promises to give is recorded as a change on the statement of activities and the allowance is adjusted up or down as the estimate changes each year. TCAA anticipates all promises to give at June 30, 2022 are fully collectible.

- (f) Property and equipment are carried at cost or, if donated, at estimated fair value at date donated. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to seven years. Expenditures of \$5,000 or more are capitalized as property and equipment.

Major additions and improvements are capitalized. Maintenance and repairs, which do not extend the useful lives, are charged to expenses as incurred. When the assets are retired, sold or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and any related gain or loss is included in operations.

Donations of property are recorded as contributions at fair value at the date of donation. These donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose.

- (g) TCAA reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed are reported at the lower of the carrying amount or fair value less costs to sell. Management does not believe impairment indicators are present as of June 30, 2022 and 2021.
- (h) For purposes of the statement of cash flows, TCAA considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

**TEMPE COMMUNITY ACTION AGENCY, INC.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2022 and 2021**  
**(with comparative totals for June 30, 2021)**

(2) Summary of Significant Accounting Policies (continued)

(i) Grants receivable is recorded for cost reimbursements in the period the costs were incurred and according to the time periods specified in grant agreements. Grants from governmental agencies and others are recognized as support in the period made or in the period the associated costs were incurred. Contributions received are recorded as unrestricted or donor restricted support, depending on the existence and/or nature of any donor restrictions.

TCAA evaluates the collectability of its receivables based on their awareness of a specific payer source's inability to meet its financial obligations. In that case, a specific allowance is recorded to reduce the amount to what TCAA believes will be collected. Accounts are charged off against the allowance when they are deemed to be uncollectible. There was no allowance as of June 30, 2022 and 2021, as TCAA expects to collect all grants receivable.

(j) The capabilities of our experienced staff of 45 are monumentally enhanced by the active engagement of more than 400 volunteers contributing in excess of 25,000 hours annually - the equivalent of an additional 12 full-time positions. Donated services are recognized if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by TCAA. These volunteer services were not recognized as contributions in the financial statements since the recognition criteria were not met.

(k) Management necessarily uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results may vary from such estimates and assumptions.

(l) TCAA's credit risk consists of amounts earned and receivable under agreements with several various agencies. Also, cash on deposit with three banks, approximating \$1,348,476 at June 30, 2022 was insured for a maximum amount of \$250,000 per banking institution by the U.S. Federal Deposit Insurance Corporation.

(m) The costs of TCAA's various programs and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted based on the best estimates of management. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and related	FTE, and time and effort
Security	Square Footage
Occupancy and facilities maintenance	Square Footage
Insurance	Square Footage
Depreciation	Square Footage/Life of the asset

(n) TCAA uses advertising to promote awareness of their programs available to the public. The production costs of advertising are expensed as incurred. Total advertising expense for the years ended June 30, 2022 and 2021 was \$6,281 and \$12,026, respectively.

(o) The financial statements do not reflect a provision for income taxes as TCAA has been granted an exemption from Federal and Arizona income taxes under Section 501 (c)(3) of the Internal Revenue Code and Section 43-1201-4 of the Arizona Revised Statutes on income related to its tax exempt purpose.



**TEMPE COMMUNITY ACTION AGENCY, INC.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2022 and 2021**  
**(with comparative totals for June 30, 2021)**

**(3) Available Resources and Liquidity**

As of June 30, 2022, TCAA has net assets without donor restrictions of \$1,656,156 and unrestricted cash of \$1,608,594.

TCAA regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a twelve month period, TCAA considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities, to be general expenditures.

In addition to financial assets available to meet general expenditures over the next twelve months, TCAA operates with a budget and anticipates collecting sufficient revenue to cover general expenditures. Refer to the statement of cash flows which identifies the sources and uses of TCAA's cash and shows cash generated and used by operations for 2022.

Financial assets available for general expenditure within one year at June 30, 2022 and 2021 consist of the following:

Financial assets at year-end:	2022	2021
Cash and cash equivalents	\$ 1,608,594	1,303,963
Accounts receivable	478,468	327,696
Promises to give-current	164,207	60,000
Investments	795,386	302,478
Less restricted by donors with purpose restrictions	(1,358,489)	(513,687)
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 1,688,166</u>	<u>1,480,450</u>

**(4) Grants and Contracts**

Revenue during the years ended June 30, 2022 and 2021 from grants and contract consisted of revenue recognized under contracts with various agencies as follows:

	2022			
	Grants and United Way Receivable	Percentage of Total	Grant Income	Percentage of Total
Area Agency on Aging	\$ 80,940	16.9%	500,083	16.9%
Maricopa County Human Services Department.	159,422	33.3	628,393	21.3
City of Tempe	-	-	631,339	21.4
Arizona Department of Health Services	41,934	8.7	339,334	11.5
Other	<u>196,172</u>	<u>41.1</u>	<u>627,526</u>	<u>21.2</u>
	478,468	100	2,726,675	92.3
United Way	<u>-</u>	<u>-</u>	<u>226,550</u>	<u>7.7</u>
Total	<u>\$ 478,468</u>	<u>100</u>	<u>2,953,225</u>	<u>100</u>
	2021			
	Grants and United Way Receivable	Percentage of Total	Grant Income	Percentage of Total
Area Agency on Aging	\$ 104,555	31.9%	489,000	20.0%
Maricopa County Human Services Department.	42,701	13.0	620,075	25.3
City of Tempe	-	-	368,865	15.1
Arizona Department of Health Services	46,979	14.3	336,000	13.7
Other	<u>133,461</u>	<u>40.8</u>	<u>437,991</u>	<u>17.8</u>
	327,696	100	2,251,931	91.9
United Way	<u>-</u>	<u>-</u>	<u>197,800</u>	<u>8.1</u>
Total	<u>\$ 327,696</u>	<u>100</u>	<u>2,449,731</u>	<u>100</u>

Costs and level of service are subject to review and audit by the funding agencies.



**TEMPE COMMUNITY ACTION AGENCY, INC.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2022 and 2021**  
**(with comparative totals for June 30, 2021)**

**(4) Grants and Contracts (continued)**

Concentrations of risk with respect to receivables and revenue are limited due to TCAA's historical collection experience with these payer sources. However, significant reductions in future levels of support from these sources may have a material effect on TCAA's continuing operations. TCAA also has concentrations related to promises to give stated in Note 2.

**(5) Investments**

TCAA has established charitable funds to provide future financial assistance for community services provided by TCAA. These funds have been established as an expendable Endowment and Designated Funds and are invested with the Arizona Community Foundation. \$400,000 was contributed to the fund for the year ended June 30, 2022 for the purpose of starting an operational reserve fund. \$300,000 was contributed to the funds during the year ended June 30, 2021. The change in the investment funds for the years ended June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Beginning of year balance	\$ 492,241	150,223
Contributions	400,000	300,000
Gain (loss) on investment	<u>(100,855)</u>	<u>42,018</u>
End of year balance	\$ <u>791,386</u>	<u>492,241</u>

**(6) Fair Value Measurements**

Financial accounting standards establish a framework for measuring investments at fair value and expand the disclosure requirements for fair value information. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement).

The fair value hierarchy prioritizes valuation techniques used to measure fair value into three broad levels:

Level 1 - Valuation based on unadjusted quoted prices within active markets for identical assets accessible by TCAA (e.g., prices derived from New York Stock Exchange, NASDAQ or Chicago Board of Trade).

Level 2 - Valuation based on quoted market prices for similar assets within active or inactive markets or information other than quoted market prices observable through market data for substantially the full term of the asset or liability.

Level 3 - Valuation based on inputs other than quoted market prices that reflect assumptions about the asset or liability that market participants would use when performing the valuation based on the best information available in the circumstances.

The following table presents the fair value of TCAA's investments subject to fair value measurements:

	2022			Total
	Level 1	Level 2	Level 3	
Land	\$ -	-	4,000	4,000
Pooled funds	<u>-</u>	<u>791,386</u>	<u>-</u>	<u>791,386</u>
	\$ <u>-</u>	<u>791,386</u>	<u>4,000</u>	<u>795,386</u>
	2021			
	Level 1	Level 2	Level 3	Total
Land	\$ -	-	4,000	4,000
Pooled funds	<u>-</u>	<u>492,241</u>	<u>-</u>	<u>492,241</u>
	\$ <u>-</u>	<u>492,241</u>	<u>4,000</u>	<u>496,241</u>

During 2022 and 2021, TCAA did not have any assets or liabilities measured on a non-recurring basis.

**TEMPE COMMUNITY ACTION AGENCY, INC.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2022 and 2021**  
**(with comparative totals for June 30, 2021)**

(7) Promises to Give, Net

Unconditional promises to give are estimated to be collected as follows at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
In less than one year	\$ 171,940	110,000
Receivable in two to five years	187,040	195,000
Greater than five years	-	-
Total promise to give receivable	\$ <u>358,980</u>	<u>305,000</u>
Less - present value discount	25,707	7,183
Less - allowance for uncollectible pledges	<u>-</u>	<u>-</u>
Promise to give, net	\$ <u><u>333,273</u></u>	<u><u>297,817</u></u>

The present value discount was calculated using a discount factor of 2.75% based on Community Spirit Rate of borrowing..

Gross promises to give are as follows:

<u>Fiscal years ending June 30</u>	
2023	\$ 171,940
2024	98,440
2025	48,940
2026	30,440
2027	<u>9,220</u>
	\$ <u><u>358,980</u></u>

(8) Property and Equipment

Property and equipment consists of the following at June 30:

	<u>2022</u>	<u>2021</u>
Computers and software	\$ 69,958	69,958
Machinery and equipment	127,673	120,911
Furniture and fixtures	85,385	85,385
Vehicles	<u>288,644</u>	<u>248,116</u>
Total cost or donated value	<u>571,660</u>	<u>524,370</u>
Less accumulated depreciation	(422,783)	(378,802)
Property and equipment, net	\$ <u><u>148,877</u></u>	<u><u>145,568</u></u>

(9) COVID-19 Uncertainties - Paycheck Protection Program Loan

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) a pandemic. The COVID-19 outbreak has resulted in significant economic uncertainties. Management is unable to quantify the potential effects of this pandemic on future financial statements.

In an effort to help small business and eligible nonprofit organizations during the State's imposed operating restrictions on businesses to address the outbreak, the United States government established the Paycheck Protection Program (PPP) through the CARES Act. The PPP allows eligible organizations to obtain forgivable loans to cover up to 24 weeks of payroll and benefit cost. The program also allows funds to be used to pay interest on mortgages, rent and utilities. TCAA received a PPP forgivable loan in fiscal year 2020 for \$262,500 which is eligible to be forgiven in full as long as the terms of the agreement are met. The loan was forgiven in 2021 and is included in the statement of activities revenue - other income.



**TEMPE COMMUNITY ACTION AGENCY, INC.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2022 and 2021**  
**(with comparative totals for June 30, 2021)**

(10) In-Kind Contributions

In-Kind contributions include the following for the year ended June 30:

	<u>2022</u>	<u>2021</u>
Administration	\$ 57,188	57,188
Senior centers	93,192	93,192
I HELP	59,021	59,021
Donated meals - I HELP	33,965	37,883
Donated supplies and food items	<u>978,467</u>	<u>798,952</u>
	<u>\$ 1,221,833</u>	<u>1,046,236</u>

Donated supplies are based on their estimated fair market value at the time of receipt. Donated food items are valued at a rate of \$1.79 per pound as determined by the local United Food Bank in Mesa, Arizona.

(11) Emergency Services Agency Transactions

During the year ended June 30, 2021, TCAA wrote checks in a fiduciary capacity on behalf of Maricopa County Human Services Department totaling \$117,003 to the residents of Maricopa County in Arizona.

(12) Operating Leases

In November 2001, TCAA entered into a lease for certain facilities at the Escalante Senior Center, North Tempe Senior Center and Granite Reef Senior Center where Senior Programming, Health Start, and Community Gardens are located. The lease term extends through June 30, 2022. Under this operating lease with the City of Tempe, the annual lease payment is \$1 per year. Donated rent and donated utilities for the Escalante Senior Center were recorded at an estimated fair value of \$20,100 and \$20,100 for years ended June 30, 2022 and 2021 respectively. The terms of the lease restrict the use of the facilities to providing services consistent with TCAA's mission. Because the lease provides a significant degree of discretion by the donors for early termination including the right of either party to terminate the lease agreement without cause at any time upon giving 90 days written notice, the contributed use of the facilities has not been recognized as long-lived assets in the accompanying financial statements.

TCAA has a facility in Tempe in which program operations are conducted. They entered into a lease with Tempe Housing, LLC. The lease was entered into on January 1, 2017 and extends through December 31, 2031. Donated rent for the new facility totaled \$74,520 and \$74,520 for the years ended June 30, 2022 and 2021 respectively.

TCAA also operated meal service programs out of two other locations in Tempe and Scottsdale, Arizona. TCAA entered into a lease agreement with the City of Tempe for one of these locations in August 2006, for a term of ten years and an annual lease payment of \$1 per year. Donated rent and donated utilities for this location and for one of the other meal service programs locations were recorded at an estimated fair value of \$38,590 and \$38,590 for years ended June 30, 2022 and 2021, respectively. Donated rent was not recorded for the other two locations since only the cafeteria was used on a part time basis.

TCAA also collaborates with approximately 30 local churches to provide food and shelter to homeless individuals for the I-HELP program. Approximately 12 churches donated space and utilities to TCAA for this program, which operates seven nights per week. There are no written lease agreements in place with the churches, and TCAA has requested they receive verbal notice of at least thirty days from any church that intends to end their I-HELP involvement. Donated rent and donated utilities for these locations were recorded at an estimated fair value of \$59,021 and \$59,021 for years ended June 30, 2022 and 2021 respectively.

TCAA leases an office location in Tempe, Arizona. The lease requires minimum monthly rental payments of \$4,017 and expires July 2024. Rent expense for 2022 and 2021 was \$82,184 and \$70,693, respectively. Future minimum annual rentals are required as follows:

2023	\$ 49,529
2024	51,015
2025	<u>4,262</u>



**TEMPE COMMUNITY ACTION AGENCY, INC.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2022 and 2021**  
**(with comparative totals for June 30, 2021)**

**(12) Operating Leases (continued)**

TCAA also leases office equipment. The lease requires minimum monthly rental payments of \$1,795 and expires May 2025. Rent expense for 2022 and 2021 was \$28,485 and \$23,640, respectively. Future minimum annual rentals are required as follows:

2023	\$ 21,540
2024	21,540
2025	<u>19,745</u>

**(13) Net Assets with Donor Restrictions**

As of June 30, 2022 and 2021, net assets with donor imposed restrictions consisted of the following:

	<u>2022</u>	<u>2021</u>
Time Restrictions:		
Norton & Ramsey Pledge	\$ 172,958	316,392
Purpose Restrictions:		
UCC Church for I-HELP Program	259,308	278,186
Capital Campaign	389,285	-
Dignity Health	28,333	6,667
Arizona Community Foundation	226,358	-
State Farm	40,000	33,000
Association of Arizona Food Bank	82,711	-
Gannett Foundation	10,000	-
Hale Foundation	50,000	-
Sundt Foundation	2,000	-
Thunderbirds Charities	25,000	-
Wells Fargo Foundation	25,000	-
Satterberg Foundation	-	25,000
Arizona Republic Season for Sharing	15,000	10,000
Bank of America	-	10,000
Redemption Church	-	27,121
Virginia Piper Foundation	24,273	79,713
Nina Mason Pulliam Charitable Trust	-	24,000
Meals on Wheels	-	20,000
Investments held with Arizona Community Foundation	<u>8,263</u>	<u>189,763</u>
Total temporarily restricted net assets	\$ <u>1,358,489</u>	<u>1,019,842</u>

**(14) Capital Campaign**

During 2022, TCAA initiated a Capital Campaign drive to raise funds for a new facility. Promises to give and contributions totaled \$389,285 and expenses totaled \$290,734. The promises to give and contributions are included in net assets with donor restrictions.

**(15) Board Designated Reserves**

During 2022, TCAA's Board of Directors elected to internally restrict \$783,122 as a reserve for future projects. The Board reserves the right to designate the purpose for which the reserve can be used.

**(16) Retirement Plan**

TCAA sponsors a SIMPLE (Saving Incentive Match Plan for Employees of Small Employers) employee retirement plan. According to the Plan arrangements, TCAA will match dollar for dollar of employee contributions up to 3% of the employees's yearly salary. All contributions made under the TCAA SIMPLE plan are fully vested and non-forfeitable. For the years ended June 30, 2022 and 2021, total TCAA match for the plan was \$34,267 and \$27,206 respectively.

**(17) Subsequent Events**

Management has evaluated subsequent events through May 17, 2023, the date the financial statements were available to be issued. No events or transactions occurred after year end which require additional disclosure or adjustment to the financial statements.

**TEMPE COMMUNITY ACTION AGENCY, INC.**

**Schedule of Expenditures of Federal Awards**

**Year ended June 30, 2022**

Federal Grantor/ Pass-through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>			
Passed through Arizona State Treasurer:			
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2022-39-TCAA	\$ 18,777
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2022-39-TCAA	323,624
Nutrition Services Incentive Program	93.053	2022-39-TCAA	<u>17,828</u>
Total Aging Cluster			<u>360,229</u>
Social Services Block Grant	93.667	2022-39-TCAA	<u>29,150</u>
 <u>U.S. Department of Agriculture</u>			
Passed through Arizona State Treasurer:			
Supplemental Nutrition Assistance Program	10.591		<u>132,830</u>
 <u>U.S. Department of the Treasury</u>			
Passed through Maricopa County:			
Coronavirus Relief Fund	21.027	16097-RFP	<u>45,827</u>
Passed through Arizona State Treasurer:			
Coronavirus Relief Fund	21.027	2022-39-TCAA-ARPA	<u>18,083</u>
 <u>U.S. Department of Housing and Urban Development</u>			
Passed through City of Tempe:			
Emergency Solutions Grant Program	14.231	ESG-CV19	44,887
Passed through Arizona State Treasurer:			
Emergency Solutions Grant Program	14.231	DES-HMLS-2B27	<u>319,154</u>
Total Federal Awards:			\$ <u>950,160</u>

**TEMPE COMMUNITY ACTION AGENCY, INC.**

**Schedule of Expenditures of Federal Awards**

**Year ended June 30, 2022**

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Tempe Community Action Agency, Inc. under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Tempe Community Action Agency, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Tempe Community Action Agency, Inc.

Note B - Summary of Significant Accounting Policies

- (1) 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, where in certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Tempe Community Action Agency, Inc. has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance, except for CFDA Number 14.231, Emerging Solutions Grant Program.



# DOUGLAS P. KIENITZ, CPA, P.C.

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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  
Tempe Community Action Agency, Inc.:

I 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 Tempe Community Action Agency, Inc., which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated May 17, 2023.

### Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, I 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.

My consideration of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit, I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

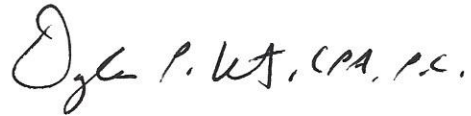
As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instance 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 my 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.

May 17, 2023

Handwritten signature in black ink, reading "Dyle P. W. CPA, P.C." with a stylized initial "D".

# DOUGLAS P. KIENITZ, CPA, P.C.

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

Board of Directors  
Tempe Community Action Agency, Inc.:

### Report on Compliance for Each Major Federal Program

#### Opinion on Each Major Federal Program

I have audited Tempe Community Action Agency, Inc.'s ("Organization's") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, Tempe Community Action Agency, 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 June 30, 2022.

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

I conducted my 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). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of the Organization and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

#### Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, 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 Organization's federal programs.

#### Auditor's Responsibilities for the Audit of Compliance

My 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 Organization's compliance based on my 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 the Organization's compliance with the requirements of each major federal program as a whole.

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

- (1) Exercise professional judgment and maintain professional skepticism throughout the audit.
- (2) 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- (3) Obtain an understanding of the Organization'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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I 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.

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

My 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 my 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.

May 17, 2023



**TEMPE COMMUNITY ACTION AGENCY, INC.**

**Schedule of Findings and Questioned Costs**

**Year ended June 30, 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? No

Significant deficiencies identified that are not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiencies identified that are not considered to be material weaknesses? No

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

Any audit findings disclosed that are required to be reported in accordance with Title 2 CFR Section 200.516(a)? No

Identification of major programs:

CFDA 14.231 Emergency Solutions Grant Program

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None



**TEMPE COMMUNITY ACTION AGENCY, INC.**

**Status of Prior Year's Findings**

**Year ended June 30, 2022**

There were no findings or questioned costs for the year ended June 30, 2021.