

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

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(480)854-9915 PHONE/FAX

November 20, 2024

To the Board of Directors  
Tempe Community Action Agency, Inc.:

I have audited the financial statements of Tempe Community Action Agency, Inc. for the year ended June 30, 2024, and have issued my report thereon dated November 20, 2024. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of my audit. I have communicated such information in my letter to you dated May 21, 2024. Professional standards also require that I communicate to you the following information related to my audit.

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Tempe Community Action Agency, Inc. are described in Note 2 to the financial statements. No significant new accounting policies were adopted and the application of existing policies was not changed during 2024. I noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the depreciation expense is based on estimated useful lives of the assets. I evaluated the key factors and assumptions used to develop the depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

I encountered no significant difficulties in dealing with management in performing and completing my audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Tempe Community Action Agency, Inc.  
November 20, 2024  
Page Two

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

*Management Representations*

I have requested certain representations from management that are included in the management representation letter dated November 20, 2024.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involved application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the Organization's auditor. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

*Other Matters*

With respect to the supplementary information accompanying the financial statements, I made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to my audit of the financial statements. I compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of Tempe Community Action Agency, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

DOUGLAS P. KIENITZ, CPA, P.C.



Douglas Kienitz

DK:sk

**TEMPE COMMUNITY ACTION AGENCY, INC.**

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

**Year ended June 30, 2024 and 2023**

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

## TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 15
Schedule of Expenditures of Federal Awards	16 - 17
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 <i>Government Auditing Standards</i>	18 - 19
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	20 - 21
Schedule of Findings and Questioned Costs	22
Status of Prior Year's Findings	<u>23</u>

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

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P.O. BOX 21288 ■ MESA, ARIZONA 85277  
(480)854-9915 PHONE/FAX

## 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, 2024, and the related statements of activities, functional expenses, 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, 2024, 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 2023 financial statements (not presented herein), and I expressed an unmodified audit opinion on those audited financial statements in my report dated February 19, 2024. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, 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 November 20, 2024, 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.

November 20, 2024

*D. J. P. L. W. T. C. A. P. C.*

**TEMPE COMMUNITY ACTION AGENCY, INC.**

**Statements of Financial Position**

**June 30, 2024**  
**(with comparative totals at June 30, 2023)**

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
Current Assets:		
Cash and cash equivalents	\$ 1,313,472	1,377,657
Grants receivable	373,345	308,778
Other receivables	-	528,167
Promises to give (current portion)	178,057	94,748
Prepaid expenses	61,228	104,661
Total current assets	<u>1,926,102</u>	<u>2,414,011</u>
Right of use asset, office space and equipment, net of amortization of \$132,591	29,638	99,715
Property and equipment, net	2,130,293	106,097
Promises to give, net	204,301	122,416
Investments	<u>933,647</u>	<u>849,992</u>
Total assets	<u>\$ 5,223,981</u>	<u>3,592,231</u>
 <u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 122,461	86,254
Accrued payroll and related expenses	186,674	195,640
Lease liabilities, current portion	<u>25,515</u>	<u>70,077</u>
Total current liabilities	<u>334,650</u>	<u>351,971</u>
Lease liabilities, net of current portion	<u>-</u>	<u>26,223</u>
Total liabilities and net assets	<u>334,650</u>	<u>378,194</u>
 <u>NET ASSETS</u>		
Net assets:		
With donor restrictions	1,385,309	1,387,750
Board designated reserves (without donor restrictions)	925,472	837,874
Without donor restrictions	<u>2,578,550</u>	<u>988,413</u>
Total net assets	<u>4,889,331</u>	<u>3,214,037</u>
Total liabilities and net assets	<u>\$ 5,223,981</u>	<u>3,592,231</u>

See accompanying notes to financial statements

**TEMPE COMMUNITY ACTION AGENCY, INC.**

**Statements of Activities**

**Year ended June 30, 2024  
(with comparative totals for year ended June 30, 2023)**

	Without Donor Restrictions	With Donor Restrictions	2024	2023
Revenue and Support:				
Grant income	\$ 4,616,246	-	4,616,246	2,142,008
United Way contributions	184,317	-	184,317	189,121
Contributions	1,166,617	553,715	1,720,332	1,629,818
In-kind contributions	891,068	-	891,068	921,780
Project income	40,548	-	40,548	36,295
Investment (loss) gain	93,084	-	93,084	56,482
Other income	1,813	-	1,813	528,491
	<u>6,993,693</u>	<u>553,715</u>	<u>7,547,408</u>	<u>5,503,995</u>
Special Events:				
Revenues from special events	212,932	-	212,932	154,824
Less direct donor benefits	(81,430)	-	(81,430)	(62,086)
Gross profit (loss) on special events	131,502	-	131,502	92,738
Net assets released from restrictions	556,156	(556,156)	-	-
Total revenue and support	<u>7,681,351</u>	<u>(2,441)</u>	<u>7,678,910</u>	<u>5,596,733</u>
Expenses:				
Program services expense:				
Housing stability	1,511,980	-	1,511,980	1,294,739
Food security	1,831,660	-	1,831,660	1,965,309
Health & well-being	1,017,540	-	1,017,540	766,388
Economic mobility	117,424	-	117,424	154,566
Supporting services expense:				
Management and general	755,831	-	755,831	534,055
Fundraising	769,181	-	769,181	682,284
Total expenses	<u>6,003,616</u>	<u>-</u>	<u>6,003,616</u>	<u>5,397,341</u>
Change in Net Assets	1,677,735	(2,441)	1,675,294	199,392
Net Assets, Beginning of Year	<u>1,826,287</u>	<u>1,387,750</u>	<u>3,214,037</u>	<u>3,014,645</u>
Net Assets, End of Year	\$ <u>3,504,022</u>	<u>1,385,309</u>	<u>4,889,331</u>	<u>3,214,037</u>

See accompanying notes to financial statements



**TEMPE COMMUNITY ACTION AGENCY, INC.**

**Statements of Functional Expenses**

**Year ended June 30, 2024**  
**(with comparative totals for year ended June 30, 2023)**

	Program Services					Supporting Services			Total	
	Housing Stability	Food Security	Health & Well-Being	Economic Mobility	Program Services	Management and General	Fund Raising	Supporting Services	2024	2023
Salaries and wages	\$ 667,926	474,491	402,545	78,822	1,623,784	185,107	267,987	453,094	2,076,878	1,954,967
Employee related expenses	186,012	115,196	110,285	19,923	431,416	53,759	64,382	118,141	549,557	521,433
Professional and outside services	59,440	51,211	70,615	1,537	182,803	151,243	114,030	265,273	448,076	327,098
Travel and transportation	11,269	19,188	15,485	81	46,023	1,354	110	1,464	47,487	61,646
Materials and supplies	5,099	2,531	1,223	117	8,970	742	992	1,734	10,704	19,446
Meals and dining supplies	87,424	949,049	-	-	1,036,473	235	54	289	1,036,762	1,139,799
Operating services	129,764	108,422	78,630	5,814	322,630	363,391	321,446	684,837	1,007,467	477,522
Occupancy	133,542	55,000	15,500	5,000	209,042	-	-	-	209,042	209,401
Program services/direct assistance to individuals	214,362	37,583	318,957	6,130	577,032	-	180	180	577,212	627,349
Total functional expenses before depreciation	1,494,838	1,812,671	1,013,240	117,424	4,438,173	755,831	769,181	1,525,012	5,963,185	5,338,661
Depreciation	17,142	18,989	4,300	-	40,431	-	-	-	40,431	58,680
Total functional expenses	\$ 1,511,980	1,831,660	1,017,540	117,424	4,478,604	755,831	769,181	1,525,012	6,003,616	5,397,341

See accompanying notes to financial statements.

**TEMPE COMMUNITY ACTION AGENCY, INC.**

**Statements of Cash Flows**

**Year ended June 30, 2024  
(with comparative totals for year ended June 30, 2023)**

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Cash received from contributions and grantor agencies	\$ 7,026,856	4,197,474
Interest income	4,628	1,876
Cash paid to vendors and employees	(5,026,042)	(4,414,387)
Net cash provided by (used for) operating activities	<u>2,005,442</u>	<u>(215,037)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(2,069,627)	(15,900)
Net cash used for investing activities	<u>(2,069,627)</u>	<u>(15,900)</u>
Net increase (decrease) in cash and cash equivalents	(64,185)	(230,937)
Cash and cash equivalents, beginning of year	<u>1,377,657</u>	<u>1,608,594</u>
Cash and cash equivalents, end of year	\$ <u>1,313,472</u>	<u>1,377,657</u>
Reconciliation of change in net assets to net cash provided by (used for) operating activities:		
Change in net assets	\$ 1,675,294	199,392
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	9,848	(14,434)
Depreciation	40,431	58,680
Unrealized/realized (gain) loss on investments	(88,503)	(54,606)
Amortization of right of use	70,077	62,514
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Grants receivable	(64,567)	169,690
Other receivables	528,167	(528,167)
Promise to give	(165,194)	130,543
Prepaid expenses	43,433	(21,622)
Increase (decrease) in:		
Accounts payable	36,207	65,441
Accrued expenses	(8,966)	45,829
Deferred revenue	-	(262,368)
Lease liabilities	<u>(70,785)</u>	<u>(65,929)</u>
Net cash provided by (used for) operating expenses	\$ <u>2,005,442</u>	<u>(215,037)</u>

See accompanying notes to financial statements

**TEMPE COMMUNITY ACTION AGENCY, INC.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**  
**(with comparative totals for June 30, 2023)**

**(1) Nature of Operations**

Nature of Activities - Tempe Community Action Agency, Inc. (TCAA) is an Arizona not-for-profit corporation headquartered in Tempe, Arizona. TCAA was established in 1966 to eliminate poverty and advance equitable communities. Our mission is based on an enduring vision of a society where every person has what they need to live a healthy, purposeful life. TCAA serves low-income adults, families, and seniors living in Tempe and surrounding East Valley communities through the delivery of programs, resources, and opportunities that address a spectrum of needs. Since 1966, TCAA has helped tens of thousands of community members address the causes and effects of poverty and provided support to help people and families move from crisis to stability. TCAA is one of the East Valley's largest social service agencies in terms of the volume of people served and range of programs offered. 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 annually.

Our broad array of programming includes a Food Pantry, Escalante Community Garden, Senior Center Lunch Program, Meals on Wheels, Community Action Program, I-HELP Emergency Shelter, Easy Valley Senior Home-Sharing program, Health Start early childhood development program, Neighbors Helping Neighbors, and the Economic Mobility Program. These programs are designed to foster improved food security, housing stability, health and well-being, and economic mobility among the individuals and communities served.

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. Our capacity to bring about positive change impacts over 35,000 unduplicated children and adults annually.

**(2) Summary of Significant Accounting Policies**

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification (ASC) 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-to-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

TCAA adopted the standard effective July 1, 2022 and recognized and measured leases existing at, or entered into after July 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

As a result of the adoption of the new lease accounting guidance, TCAA recognized on July 1, 2022, a lease liability at the carrying amount of the operating lease obligations of \$162,229 and a right-of-use asset at the carrying amount of the operating lease asset of \$162,229.

The standard had a material impact on the balance sheets, but did not have an impact on the statements of activities, nor statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

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, 2024 and 2023**  
**(with comparative totals for June 30, 2023)**

**(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, 2024 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 leases certain office space and equipment. TCAA determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the statement of financial position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on the statement of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, TCAA uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU assets also include any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that TCAA will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

**TEMPE COMMUNITY ACTION AGENCY, INC.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**  
**(with comparative totals for June 30, 2023)**

**(2) Summary of Significant Accounting Policies (continued)**

- (g) TCAA lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, TCAA consider factors such as if TCAA has obtained substantially all of the rights to the underlying asset through exclusivity, if TCAA can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

- (h) 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, 2024 and 2023.
- (i) 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.
- (j) 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, 2024 and 2023, as TCAA expects to collect all grants receivable.

- (k) The capabilities of our experienced staff of 45 are monumentally enhanced by the active engagement of more than 400 volunteers contributing approximately 16,000 hours annually - the equivalent of an additional 8 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.
- (l) 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.
- (m) TCAA's credit risk consists of amounts earned and receivable under agreements with several various agencies. Also, cash on deposit with three banks, approximating \$1,313,472 at June 30, 2024 was insured for a maximum amount of \$250,000 per banking institution by the U.S. Federal Deposit Insurance Corporation.



**TEMPE COMMUNITY ACTION AGENCY, INC.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**  
**(with comparative totals for June 30, 2023)**

**(2) Summary of Significant Accounting Policies (continued)**

- (n) 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

- (o) 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, 2024 and 2023 was \$31,705 and \$62,108, respectively.
- (p) 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.
- (q) Certain reclassifications were made to the 2023 comparative totals to conform to the 2024 presentation.

**(3) Available Resources and Liquidity**

As of June 30, 2024, TCAA has net assets without donor restrictions of \$3,504,022 and unrestricted cash of \$1,313,472.

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 2024.

Financial assets available for general expenditure within one year at June 30, 2024 and 2023 consist of the following:

Financial assets at year-end:	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,313,472	1,377,657
Accounts receivable	373,345	308,778
Other receivables	-	528,167
Promises to give-current	178,057	94,748
Investments	933,647	849,992
Less restricted by donors with purpose restrictions	(1,385,309)	(1,387,750)
Financial assets available to meet cash needs for general expenditure within one year	\$ <u>1,413,212</u>	<u>1,771,592</u>

**TEMPE COMMUNITY ACTION AGENCY, INC.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**  
**(with comparative totals for June 30, 2023)**

**(4) Grants and Contracts**

Revenue during the years ended June 30, 2024 and 2023 from grants and contract consisted of revenue recognized under contracts with various agencies as follows:

	2024			
	Grants and United Way Receivable	Percentage of Total	Grant Income	Percentage of Total
Area Agency on Aging	\$ 60,834	16.2%	365,004	7.6%
Maricopa County Human Services Department.	98,468	26.4	2,578,420	53.7
City of Tempe	98,022	26.3	769,660	16.0
Arizona Department of Health Services	8,809	2.4	417,479	8.7
Other	107,212	28.7	485,683	10.2
	<u>373,345</u>	<u>100</u>	<u>4,616,246</u>	<u>96.2</u>
United Way	-	-	184,317	3.8
Total	\$ <u>373,345</u>	<u>100</u>	<u>4,800,563</u>	<u>100</u>

	2023			
	Grants and United Way Receivable	Percentage of Total	Grant Income	Percentage of Total
Area Agency on Aging	\$ 61,852	20.0%	379,594	16.3%
Maricopa County Human Services Department.	-	-	154,173	7.2
City of Tempe	74,826	24.2	725,295	31.1
Arizona Department of Health Services	102,315	33.1	355,500	16.6
Other	69,785	22.7	527,446	20.0
	<u>308,778</u>	<u>100</u>	<u>2,142,008</u>	<u>91.2</u>
United Way	-	-	189,121	8.8
Total	\$ <u>308,778</u>	<u>100</u>	<u>2,331,129</u>	<u>100</u>

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

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, 2024 and 2023 are as follows:

	2024	2023
Beginning of year balance	\$ 845,992	791,386
Contributions	-	-
Gain (loss) on investment	<u>87,655</u>	<u>54,606</u>
End of year balance	\$ <u>933,647</u>	<u>845,992</u>

**TEMPE COMMUNITY ACTION AGENCY, INC.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**  
**(with comparative totals for June 30, 2023)**

**(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:

		2024			
		Level 1	Level 2	Level 3	Total
Land	\$	-	-	-	-
Pooled funds		-	933,647	-	933,647
	\$	<u>-</u>	<u>933,647</u>	<u>-</u>	<u>933,647</u>
		2023			
		Level 1	Level 2	Level 3	Total
Land	\$	-	-	4,000	4,000
Pooled funds		-	845,992	-	845,992
	\$	<u>-</u>	<u>845,992</u>	<u>4,000</u>	<u>849,992</u>

During 2024 and 2023, TCAA did not have any assets or liabilities measured on a non-recurring basis.

**(7) Promises to Give, Net**

Unconditional promises to give are estimated to be collected as follows at June 30, 2024 and 2023:

	2024	2023
In less than one year	\$ 212,426	101,077
Receivable in two to five years	198,007	127,110
Greater than five years	-	250
Total promise to give receivable	410,433	228,437
Less - present value discount	28,075	11,273
Less - allowance for uncollectible pledges	-	-
Promise to give, net	\$ <u>382,358</u>	<u>217,164</u>



**TEMPE COMMUNITY ACTION AGENCY, INC.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**  
**(with comparative totals for June 30, 2023)**

**(7) Promises to Give, Net (continued)**

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>	
2025	\$ 212,426
2026	175,286
2027	19,482
2028	2,403
2029	<u>836</u>
	\$ <u>410,433</u>

**(8) Property and Equipment**

Property and equipment consists of the following at June 30:

	<u>2024</u>	<u>2023</u>
Land	\$ 2,053,639	-
Computers and software	69,958	69,958
Machinery and equipment	142,450	131,462
Furniture and fixtures	85,385	85,385
Vehicles	<u>286,097</u>	<u>288,644</u>
Total cost or donated value	2,637,529	575,449
Less accumulated depreciation	<u>(507,236)</u>	<u>(469,352)</u>
Property and equipment, net	\$ <u>2,130,293</u>	<u>106,097</u>

**(9) In-Kind Contributions**

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

	<u>2024</u>	<u>2023</u>
Programs	\$ 56,909	60,349
Senior centers	93,192	93,192
I HELP	59,021	59,021
Donated meals - I HELP	75,000	2,888
Donated supplies and food items	<u>606,946</u>	<u>706,330</u>
	\$ <u>891,068</u>	<u>921,780</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 \$1.26 per pound as determined by the local United Food Bank in Mesa, Arizona.

**(10) 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, 2028. 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, 2024 and 2023 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, 2024 and 2023 respectively.

**TEMPE COMMUNITY ACTION AGENCY, INC.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**  
**(with comparative totals for June 30, 2023)**

**(10) Operating Leases (continued)**

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, 2024 and 2023, 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, 2024 and 2023 respectively.

TCAA has one operating lease for office equipment and one operating lease for office space. The leases have a remaining lease term of 11 months for office equipment and one month for office space. As of June 30, 2024, the components of lease expense were as follows:

Operating lease cost	\$ <u>71,844</u>
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Other information related to leases was as follows:

Supplemental Cash Flows Information:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from (used by) operating lease	\$ <u>(71,844)</u>
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Right-of-use assets obtained in exchange for lease obligations:

Operating leases	<u>-</u>
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Weighted average discount rate:

Operating leases	<u>2.75%</u>
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Future minimum lease payments under non-cancellable operating lease as of June 30, 2024 were as follows:

2025	\$ <u>27,093</u>
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Total future minimum lease payments	<u>27,093</u>
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Less imputed interest	<u>1,578</u>
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Total	\$ <u>25,515</u>
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Reported as of June 30, 2024:

Other current liabilities	\$ 25,515
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Other long-term liabilities	<u>-</u>
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Total	\$ <u>25,515</u>
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**TEMPE COMMUNITY ACTION AGENCY, INC.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**  
**(with comparative totals for June 30, 2023)**

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

As of June 30, 2024 and 2023, net assets with donor imposed restrictions consisted of the following:

	<u>2024</u>	<u>2023</u>
Purpose Restrictions:		
UCC Church for I-HELP Program	\$ -	260,563
Capital Campaign	1,247,134	596,762
Arizona Community Foundation	-	130,014
State Farm	-	40,000
Halle Foundation	-	25,000
Garcia Family Foundation	90,000	-
Wells Fargo Foundation	-	20,000
City of Tempe Transportation	15,000	-
Edward Jones	-	20,000
Gila River Indian Community	25,000	112,500
Virginia Piper Foundation	-	100,000
Phoenix IDA	-	45,000
Mercy Care	-	29,793
Investments held with Arizona Community Foundation	<u>8,175</u>	<u>8,118</u>
Total temporarily restricted net assets	\$ <u>1,385,309</u>	<u>1,387,750</u>

**(12) Capital Campaign**

During 2022, TCAA initiated a Capital Campaign drive to raise funds for a new facility for the years ended June 30, 2024 and 2023. Promises to give and contributions totaled \$650,372 and \$208,703 and expenses totaled \$482,915 and \$399,289, respectively. The promises to give and contributions are included in net assets with donor restrictions.

**(13) Board Designated Reserves**

During 2024, TCAA's Board of Directors elected to internally restrict \$925,472 as a reserve for future projects. The Board reserves the right to designate the purpose for which the reserve can be used.

**(14) 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, 2024 and 2023, total TCAA match for the plan was \$38,902 and \$35,017 respectively.

**(15) Subsequent Events**

Management has evaluated subsequent events through November 20, 2024, 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, 2024**

<u>Federal Grantor/ Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through Arizona State Treasurer:			
Spacial Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2024-39-TCA	\$ 224,864
Nutrition Services Incentive Program	93.053	2024-39-TCA	<u>27,052</u>
Total Aging Cluster			<u>251,916</u>
Social Services Block Grant	93.667	2024-39-TCA	<u>38,824</u>
Passed through City of Tempe:			
Community Services Block Grant	93.569	C2022-147.1	<u>458,843</u>
Community Services Block Grant	93.569	CSB	<u>62,500</u>
Passed through Arizona State Treasurer:			
Maternal, Infant and Early Childhood Home Visiting	93.870	CTR050603	<u>417,479</u>
<u>U.S. Department of Agriculture</u>			
Passed through Arizona State Treasurer:			
Supplemental Nutrition Assistance Program	10.561	07012023-24	<u>217,044</u>
<u>U.S. Department of Homeland Security</u>			
Passed through WHEAT:			
Emergency Food and Shelter National Program	97.024	Phase 40-0256-00-078	<u>25,725</u>
<u>U.S. Department of the Treasury</u>			
Passed through Maricopa County			
Coronavirus State and Local Fiscal Recovery	21.027	22HDARP503	<u>2,334,678</u>
Total Federal Awards:			\$ <u>3,807,009</u>

**TEMPE COMMUNITY ACTION AGENCY, INC.**

**Schedule of Expenditures of Federal Awards**

**Year ended June 30, 2024**

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, 2024. 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 to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

# 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, 2024, 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 November 20, 2024.

### 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.

November 20, 2024

*Dyke P. Uff, 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, 2024. 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, 2024.

#### 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**

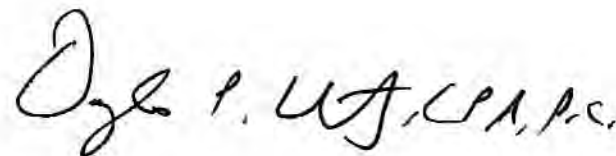
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

November 20, 2024

D. P. U. J. CPA, P.C.

TEMPE COMMUNITY ACTION AGENCY, INC.

Schedule of Findings and Questioned Costs

Year ended June 30, 2024

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 21.027 Coronavirus State and Local Fiscal Recovery

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, 2024**

There were no findings or questioned costs for the year ended June 30, 2023.