

**NUECES COUNTY COMMUNITY
ACTION AGENCY**



**ANNUAL FINANCIAL AND COMPLIANCE REPORT
IN ACCORDANCE WITH CFR PART 200 UNIFORM
ADMINISTRATIVE REQUIREMENTS**

For The Years Ended August 31, 2022 and 2021

NUECES COUNTY COMMUNITY ACTION AGENCY
Audited Financial Statements, Other Financial Information
August 31, 2022 and 2021

Table of Contents

AUDITED FINANCIAL STATEMENTS	Page
Independent Auditor's Report	1
Statement of Financial Position	4
Statement of Activities.....	5
Statement of Cash Flow	7
Statement of Functional Expenses	8
Notes to Financial Statements.....	10
 SINGLE AUDIT SECTION	
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>	20
Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	22
Schedule of Findings and Questioned Costs.....	25
Auditor's Comments on Audit Resolution Matters Relating to the Prior Year Audit.....	27
Schedule of Expenditures of Federal Awards.....	28
Notes to Schedule of Expenditures of Federal Awards.....	31



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Nueces County Community Action Agency
Corpus Christi, Texas

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of Nueces County Community Action Agency (a nonprofit organization), which comprise the statements of financial position as of August 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 Nueces County Community Action Agency as of August 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Nueces County Community Action Agency 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 opinions.

Other Matters

In my report dated March 8, 2022 I expressed an unmodified opinion on the August 31, 2021 financial statements. As discussed in Note C to the financial statements, Nueces County Community Action Agency identified errors in the accounting of deferred revenue and net assets with donor restrictions and retrospectively applied changes as described in Note C. As part of my 2022 audit, I also audited the adjustment to the 2021 financial statements. In my opinion, such adjustments are appropriate and have been properly applied.

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 Nueces County Community Action Agency'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 Nueces County Community Action Agency'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 Nueces County Community Action Agency's ability to continue as a going concern for a reasonable period of time.

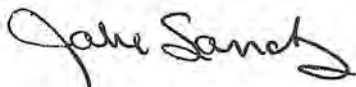
I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Supplementary 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* 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 schedule of expenditures of federal awards 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 December 16 2022, on my consideration of Nueces County Community Action Agency'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 Nueces County Community Action Agency'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 Nueces County Community Action Agency's internal control over financial reporting and compliance.



Juaquin "Jake" Sanchez
CERTIFIED PUBLIC ACCOUNTANT
Corpus Christi, TX
December 16, 2022

**NUECES COUNTY COMMUNITY ACTION AGENCY
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2022 AND 2021**

ASSETS	<u>2022</u>	<u>Restated 2021</u>
Current Assets		
Cash and Cash Equivalents	\$ 1,585,620	\$ 1,482,262
Contracts and Grants Receivable		
Grants Receivable	2,258,338	1,781,093
Others	-	77,804
Loans Receivable	10,590	15,001
Other Assets	294,750	199,720
Total Current Assets	<u>4,149,298</u>	<u>3,555,880</u>
Noncurrent Assets		
Loans Receivable	\$ 1,504	\$ 13,930
Property Held For Resale	13,273	34,773
Property Held For Resale, Restricted	276,000	276,000
Property and Equipment, Net	2,467,056	2,609,684
Total Noncurrent Assets	<u>\$ 2,757,833</u>	<u>\$ 2,934,387</u>
TOTAL ASSETS	<u><u>\$ 6,907,131</u></u>	<u><u>\$ 6,490,267</u></u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 1,136,313	\$ 363,699
Accrued Expenses	523,798	708,783
CCCIC Note	97,530	97,530
Loans Payable	10,590	15,001
Deferred Revenue	451,177	629,039
Total Current Liabilities	<u>\$ 2,219,408</u>	<u>\$ 1,814,052</u>
Noncurrent Liabilities		
Loans Payable	\$ 1,504	\$ 13,930
CCCIC Note	953,610	1,051,141
Compensated Absences	264,837	272,375
Total Noncurrent Liabilities	<u>\$ 1,219,951</u>	<u>\$ 1,337,446</u>
TOTAL LIABILITIES	<u><u>\$ 3,439,359</u></u>	<u><u>\$ 3,151,498</u></u>
 NET ASSETS		
Without Donor Restrictions	\$ 3,178,499	\$ 3,027,996
With Donor Restrictions	289,273	310,773
TOTAL NET ASSETS	<u><u>\$ 3,467,772</u></u>	<u><u>\$ 3,338,769</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 6,907,131</u></u>	<u><u>\$ 6,490,267</u></u>

The accompanying notes are an integral part of these financial statements

**NUECES COUNTY COMMUNITY ACTION AGENCY
STATEMENT OF ACTIVITIES
YEARS ENDED AUGUST 31, 2022 AND 2021**

	Without Donor Restriction	With Donor Restriction	2022 Total
Revenue and support:			
Federal Awards	\$ 19,111,180	\$ -	\$ 19,111,180
State Awards	-	-	-
Other	443,775	-	443,775
Inkind	1,038,023	-	1,038,023
Net assets released from restrictions			
Satisfaction of Program Restrictions	-	-	-
 Total revenue and support	 20,592,978	 -	 20,592,978
 Expenditures:			
Program Services	20,228,967	-	20,228,967
Supporting Services	213,508	-	213,508
 Total Expenditures	 20,442,475	 -	 20,442,475
 Increase (decrease) in net assets	 150,503	 -	 150,503
 Other Changes			
Properties Held for Resale	-	(21,500)	(21,500)
Net Changes	150,503	(21,500)	129,003
 Net assets - beginning of year	 3,027,996	 310,773	 3,338,769
 Net assets - end of year	 <u>\$ 3,178,499</u>	 <u>\$ 289,273</u>	 <u>\$ 3,467,772</u>

The accompanying notes are an integral part of these financial statements

**NUECES COUNTY COMMUNITY ACTION AGENCY
STATEMENT OF ACTIVITIES
YEARS ENDED AUGUST 31, 2022 AND 2021**

	Without Donor Restriction	With Donor Restriction	Restated 2021 Total
	<u> </u>	<u> </u>	<u> </u>
Revenue and support:			
Federal Awards	\$ 17,093,155	-	\$ 17,093,155
State Awards	-	-	-
Other	356,829	-	356,829
Inkind	1,008,907	-	1,008,907
Net assets released from restrictions			
Satisfaction of Program Restrictions	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total revenue and support	18,458,891	-	18,458,891
Expenditures:			
Program Services	17,718,405	-	17,718,405
Supporting Services	149,317	-	149,317
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	17,867,722	-	17,867,722
Increase (decrease) in net assets	591,169	-	591,169
Other Changes			
Deferred Revenue	(6,418)	-	(6,418)
Net Changes	584,751	-	584,751
	<u> </u>	<u> </u>	<u> </u>
Net assets - beginning of year	2,443,245	310,773	2,754,018
	<u> </u>	<u> </u>	<u> </u>
Net assets - end of year	<u>\$ 3,027,996</u>	<u>\$ 310,773</u>	<u>\$ 3,338,769</u>

The accompanying notes are an integral part of these financial statements

**NUECES COUNTY COMMUNITY ACTION AGENCY
STATEMENT OF CASH FLOW
YEARS ENDED AUGUST 31, 2022 AND 2021**

	2022	Restated 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 129,003	\$ 584,751
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities:		
Depreciation	287,750	209,915
CCCIC Note Amortization	(97,530)	(97,530)
Loss on disposal of asset	-	4,959
(Increase) Decrease in Assets		
Accounts Receivable		
Government Entities	(477,245)	785,147
Other	77,804	(76,859)
Other Assets	(95,031)	19,427
Property Held for Resale	21,500	-
Loans Receivable	16,837	20,168
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Liabilities	587,630	(403,632)
Other Payables	(16,838)	(20,168)
Compensated Absences	(7,539)	(16,420)
Deferred Revenue	(177,862)	6,418
Net Cash Provided By (Used In) Operating Activities	\$ 248,479	\$ 1,016,176
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	\$ (145,121)	\$ (559,736)
Net Cash Provided By (Used In) Investing Activities	\$ (145,121)	\$ (559,736)
CASH FLOWS FROM FINANCING ACTIVITIES		
No Financing Activity	\$ -	\$ -
Net Cash Provided By (Used In) Financing Activities	\$ -	\$ -
Increase (Decrease) in Cash and Cash Equivalents	\$ 103,358	\$ 456,440
CASH AND CASH EQUIVALENTS, AT SEPTEMBER	1,482,262	1,025,822
CASH AND CASH EQUIVALENTS, AT AUGUST 31	\$ 1,585,620	\$ 1,482,262
SUPPLEMENTAL DISCLOSURES		
Interest Paid	\$ -	\$ -
Income Tax Paid	\$ -	\$ -
RECONCILIATION OF CASH EQUIVALENTS		
Cash Equivalents Without Donor Restrictions	1,585,620	1,482,262
Cash Equivalents With Donor Restrictions	-	-
Total Cash Equivalents & Restricted Cash Equivalents	1,585,620	1,482,262

The accompanying notes are an integral part of these financial statements

**NUECES COUNTY COMMUNITY ACTION AGENCY
STATEMENT OF FUNCTIONAL EXPENDITURES
YEARS ENDED AUGUST 31, 2022 AND 2021**

	PROGRAM SERVICES				TOTAL PROGRAM SERVICES	SUPPORTING SERVICES	2022 TOTAL
	CHILDREN SERVICES	COMMUNITY SERVICES	ENERGY SERVICES	HOUSING SERVICES		LOCAL FUND	
EXPENDITURES							
Salaries	\$ 8,379,882	\$ 166,916	\$ 492,651	\$ 92,248	\$ 9,131,697	\$ (7,575)	\$ 9,124,122
Pensions	273,798	4,129	16,808	(53)	294,682	-	294,682
Employee Benefit	969,264	5,412	39,464	8,147	1,022,287	-	1,022,287
Payroll Taxes	632,530	8,419	39,465	11,554	691,968	-	691,968
Fees for Services	119,060	151	2,824	576	122,611	346	122,957
Advertising	18,078	-	-	-	18,078	-	18,078
Office Expense	366,183	35,574	46,941	3,950	452,648	5,928	458,576
∞ Information Technology	36,532	70	1,120	110	37,832	-	37,832
Occupancy	1,438,589	16,534	74,705	68,964	1,598,792	84,285	1,683,077
Travel	68,598	2,279	20,339	4,852	96,068	-	96,068
Conferences	19,865	1,178	11,113	778	32,934	200	33,134
Depreciation	145,727	-	-	48,815	194,542	93,208	287,750
Use Allowance	36,132	892	9,382	2,114	48,520	-	48,520
Insurance	224,149	12,335	29,552	2,113	268,149	29,070	297,219
Heating,Cooling & Energ Asst	-	161,167	3,745,607	6,500	3,913,274	2,386	3,915,660
Client Material,Supplies & Labor	777,790	862	334,559	4,961	1,118,172	659	1,118,831
Training	85,388	4,396	10,098	2,591	102,473	1,327	103,800
Space Inkind	1,038,023	-	-	-	1,038,023	-	1,038,023
Other	23,416	60	1,025	21,716	46,217	3,674	49,891
TOTAL EXPENDITURES	\$ 14,653,004	\$ 420,374	\$ 4,875,653	\$ 279,936	\$ 20,228,967	\$ 213,508	\$ 20,442,475

The accompanying notes are an integral part of these financial statements

**NUECES COUNTY COMMUNITY ACTION AGENCY
STATEMENT OF FUNCTIONAL EXPENDITURES
YEARS ENDED AUGUST 31, 2022 AND 2021**

	PROGRAM SERVICES				TOTAL PROGRAM SERVICES	SUPPORTING SERVICES	Restated
	CHILDREN SERVICES	COMMUNITY SERVICES	ENERGY SERVICES	HOUSING SERVICES		LOCAL FUND	2021 TOTAL
EXPENDITURES							
Salaries	\$ 8,099,533	\$ 288,621	\$ 376,686	\$ 117,601	\$ 8,882,441	\$ (16,420)	\$ 8,866,021
Pensions	313,719	8,484	15,300	754	338,257	4,554	342,811
Employee Benefit	898,443	10,704	29,334	2,027	940,508	1,781	942,289
Payroll Taxes	617,867	17,152	31,490	6,051	672,560	1,794	674,354
Fees for Services	90,390	299	3,341	40,897	134,927	335	135,262
Advertising	16,417	-	-	-	16,417	-	16,417
Office Expense	419,270	44,399	26,845	2,282	492,796	8,097	500,893
Information Technology	10,120	29	629	455	11,233	-	11,233
Occupancy	1,595,542	11,712	22,599	83,764	1,713,617	55,456	1,769,073
Travel	23,437	1	1,326	808	25,572	43	25,615
Conferences	27,764	2,738	5,164	665	36,331	-	36,331
Depreciation	37,866	-	-	129,323	167,189	42,726	209,915
Use Allowance	36,551	1,668	8,591	1,711	48,521	-	48,521
Insurance	218,405	8,670	27,550	1,841	256,466	32,718	289,184
Heating,Cooling & Energ Asst	-	522,864	1,561,722	-	2,084,586	5,500	2,090,086
Client Material,Supplies & Labor	517,442	71	308,239	575	826,327	323	826,650
Training	51,552	5,504	713	4,033	61,802	500	62,302
Space Inkind	1,008,907	-	-	-	1,008,907	-	1,008,907
Other	(52)	-	-	-	(52)	11,910	11,858
TOTAL EXPENDITURES	\$ 13,983,173	\$ 922,916	\$ 2,419,529	\$ 392,787	\$ 17,718,405	\$ 149,317	\$ 17,867,722

The accompanying notes are an integral part of these financial statements

NUECES COUNTY COMMUNITY ACTION AGENCY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2022 and 2021

ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. NATURE OF ACTIVITIES

Nueces County Community Action Agency (NCCAA) is a private, not-for-profit Corporation dedicated to providing residential revitalization, new construction, weatherization, energy assistance, and infant to toddler education in Nueces County.

The Head Start program (including Early Head Start and Early Head Start- Child Care Partnerships) promotes school readiness of low- income children. The LIHEAP programs help low-income people meet the cost of home energy (defined as heating and cooling of residences), increase their energy self-sufficiency, and reduce their vulnerability resulting from energy needs. The Weatherization Assistance for Low-Income Persons (WAP) program increases the energy efficiency of dwellings owned or occupied by low-income persons, reduces their total expenditures on energy, and improves their health and safety. WAP especially addresses these needs for low-income persons who are particularly vulnerable, such as the elderly, disabled persons, and families with children, as well as those with high energy usage and high energy burdens. The Community Services Block Grant (CSBG) provides assistance for the reduction of poverty, the revitalization of low-income communities, and the empowerment of low-income families and individuals in rural and urban areas to become fully self-sufficient.

NCCAA has no fundraising activities.

NCCAA's source of revenue is as follows:

	2022	2021
Federal Awards		
Head Start	\$ 12,871,693	\$ 12,958,047
Comprehensive Energy Assist. Prog	4,312,108	2,020,436
Child Care Food Program	742,681	538,088
Community Services Block Grant	419,524	923,260
LIHEAP Weatherization Assist.	446,995	307,252
LIWAP Assistance.	8,361	-
NeighborWorks America	209,620	263,465
DOE Weatherization Assist.	100,198	82,607
Total Federal Awards	<u>\$ 19,111,180</u>	<u>\$ 17,093,155</u>
State Award		
Housing 4 Texas Heroes	-	-
Other Award	443,775	356,829
In-kind	<u>1,038,023</u>	<u>1,008,907</u>
Total Source of Revenue	<u>\$ 20,592,978</u>	<u>\$ 18,458,891</u>

NUECES COUNTY COMMUNITY ACTION AGENCY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2022 and 2021
(Continued)

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared in accordance with generally accepted accounting principles (GAAP), and are presented on the accrual basis.

Recognition of Revenues

NCCAA has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. The majority of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. At August 31, 2022 and 2021, \$451,177 and \$629,039 has not been recognized as revenue because qualifying expenditures have not been incurred.

Rent revenues are recognized when rent is due for renting the apartment space to residents. No allowance for uncollectible account receivable is set up because the account receivable balance is not significant. The amounts received in FYE 2022 and 2021 are \$169,088 and \$143,859. There were no rent balances due at August 31, 2022 and 2021.

Basis of Presentation

The Organization's financial statements are presented in accordance with FASB Accounting Standards Update No. ASU 2016-14. Accordingly, net assets and changes therein are classified and reported in two classes as follows:

Net assets without donor restrictions- Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions- Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time.

NeighborWorks America Capital Projects Fund – represents funds provided by NeighborWorks America for making loans and for capital projects. The initial Capital Funding Award received in 2011 was \$276,000. All subsequent awards from NeighborWorks America have been unrestricted awards to be used for operations of NCCAA.

Cash and Cash Equivalents

NCCAA considers all highly liquid instruments, which are to be used for current operations and have an original maturity of three months or less, to be cash and cash equivalents. All other highly liquid instruments, which are to be used for the long-term purposes of the NCCAA are classified as investments. NCCAA maintains its cash in bank deposit accounts that are federally insured. There are no long-term investments.

NUECES COUNTY COMMUNITY ACTION AGENCY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2022 and 2021
(Continued)

Contributions

The entity reports donor- restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing various programs and supporting activities have been summarized on a functional basis in the financial statements. Allowable costs incurred by a specific program are charged to the specific program receiving the benefit. Allowable costs incurred by multiple programs are allocated using appropriate basis such as Accounting Dept. costs are allocated based on number of transactions, Administration, Human Resources & Payroll costs are allocated based on number of employees, and Occupancy costs are allocated based on square footage. Costs related to programs may require an additional tier such as number of classrooms for Head Start and number of households assisted by program for DOE, LIHEAP, CSBG and CEAP.

Commitments and Contingencies

In the normal course of operations, NCCAA participates in a number of Federal assisted grant programs. These programs are subject to audit by the grantors or their representatives. Such audits could lead to request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Presently, NCCAA has no such request pending, and in the opinion of management, any such amounts would not be considered material.

Contributed Services and Use of Property

NCCAA has adopted Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, as management believes the standard assists in clarifying the presentation and disclosure of contributed nonfinancial assets.

NCCAA currently administers the Head Start and Early Head Start program which has a third-party in-kind requirement. NCCAA must provide 20% match of the total project costs expended. Project costs is defined as all allowable costs, as set forth in the applicable Federal cost principles, incurred by a recipient and the value of the contributions made by third parties in accomplishing the objectives of the award during the project period. Third party in-kind contribution is the value of non-cash contributions provided by non-Federal third parties which may be in the form of real property, equipment supplies and other expendable property, and the value of goods and services directly benefiting and specifically identifiable to the project or program.

**NUECES COUNTY COMMUNITY ACTION AGENCY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2022 and 2021
(Continued)**

Contributed Services and Use of Property- continued

During the years ended August 31, 2022 and 2021, NCCAA received contributions of services and use of property as the required match contribution to the Head Start and Early Head Start Programs. These amounts are not reflected in the financial statements because they do not meet FASB-ASC 958-605-25-16 criteria, which requires non- financial asset enhancement or specialized skills. The amounts received in FYE 2022 and 2021 for space are \$1,038,023 and \$1,008,907 respectively. The amounts received for other services in FY 2022 and 2021 are \$803,408 and \$393,320 respectively. Valuation of in-kind space is by certified appraisal as required by Head Start regulations. In-kind services are valued at a pay scale comparable to the volunteer services provided. The volunteer pay scale ranges from \$9.82 for a foster grandparent to \$50.28 for a Board volunteer.

Fair Value of Financial Instruments-Level 1

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial statements: Cash and Receivables: The carrying amounts reported in the Statement of Financial Position approximate the fair value because of the short maturities of those instruments. Receivables are stated at the amount management expects to collect for outstanding balances.

C. RESTATEMENT OF 2021 FINANCIAL STATEMENTS

As part of preparing its 2022 financial statements, Nueces County Community Action Agency identified errors in the accounting for deferred revenue and net assets with donor restrictions. Nueces County Community Action Agency concluded that the previously issued August 31, 2021 financial statements were misstated. Nueces County Community Action Agency is restating its financial statements as of and for the year ended August 31, 2021 to disclose the \$629,039 correction to net assets with donor restrictions to deferred revenue to make them comparable to the August 31, 2022 financial statements. This restatement has no effect on the revenue, expenses, or net assets without donor restrictions previously reported.

D. RESTRICTIONS ON NET ASSETS

	<u>2021</u>	<u>Change</u>	<u>2022</u>
NeighborWorks America	\$276,000	\$ -	\$ 276,000
Investment in Real Estate	<u>34,773</u>	<u>* (21,500)</u>	<u>13,273</u>
Total	<u>\$310,773</u>	<u>\$ (21,500)</u>	<u>\$ 289,273</u>

* Property donated to Habitat For Humanity

E. PROPERTY AND EQUIPMENT

Capital expenditures are recorded at cost. Donated assets are recorded at fair market value as of the date of donation for donated assets. NCCAA capitalizes assets whether purchased or donated for real property, property or equipment that have a value of \$5,000 or more and a life expectancy of more than one year. Depreciation of capitalized assets is computed using the straight-line method over the estimated useful life of the assets, ranging from five to thirty years.

NUECES COUNTY COMMUNITY ACTION AGENCY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2022 and 2021
(Continued)

F. CONCENTRATIONS

NCCAA's primary source of revenues is various Federal grants. The Head Start grant and related Child Care Food Program as of August 31, 2022 and 2021 account for 71% and 81% of the revenue.

G. INCOME TAX STATUS

NCCAA has been granted exemption by the Internal Revenue Service (IRS) from Federal income taxes under Section 501(c)(3) of the Internal Revenue code and is required to report unrelated business income under applicable state laws and to the IRS. NCCAA did not have any unrelated business income for the years ended August 31, 2022 and 2021, respectively.

H. RETIREMENT PLAN

NCCAA has established a 403(b) custodial account for the retirement benefit of its employees. The plan is composed of contributions made by the employer and contributions made by the employee. Under the plan, once an employee has been employed by NCCAA for one year, a predetermined contribution is made to the account of individual employees based on the biweekly compensation level. Currently, NCCAA contributes 5% of the employee's salary into the account representing the employer's portion. NCCAA's contribution as of August 31, 2022 and 2021 was \$294,682 and \$341,289.

Additionally, the employee may contribute monies as legally allowed under Federal Law into the employee portion of the plan. There is no waiting period for employee contributions. Effective June 1, 2021, the plan was amended to include an automatic contribution feature. Unless otherwise elected, the participant shall contribute 2% in the initial Plan Year enrolled increasing by 1% in each subsequent Plan

Year until reaching 10% in the ninth Plan Year (and each subsequent) following the Plan Year in which Automatic Enrollment Contributions commenced.

The vesting schedule for *Employer* part of the plan is as follows:

- After 2 years of employment, 25% vested;
- After 3 years of employment, 50% vested;
- After 4 years of employment, 75% vested; and,
- After 5 years of employment 100% vested

The employee is 100% vested in all funds deposited by them into the employee portion of the plan.

I. COMPENSATED ABSENCES

NCCAA accrues compensated absences as follows:

All actively employed regular, full-time employees earn eight hours of annual leave per month. Regular, part-time employees earn four hours of annual leave per month.

Employees are not allowed to carry over more than 144 hours, the equivalent of eighteen days, of earned annual leave from one calendar year to the next. All annual leave hours exceeding 144 are removed from each employee's annual leave bank on January 2 of each year. The total amount of earned compensated absences as of August 31, 2022 and 2021 is \$264,837₁₄ and \$272,375.

NUECES COUNTY COMMUNITY ACTION AGENCY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2022 and 2021
(Continued)

J. LIQUIDITY

Financial assets available for general expenditure, which is without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following:

	2022	2021
Financial assets @ year-end	\$ 3,843,958	\$ 3,263,355
Less those unavailable for general expenditures within one year, due to:		
Donor-restricted to Housing	44,771	66,271
Donor-restricted to CEAP/CSBG	-	73,124
Donor-restricted to Weatherization	-	23,938
Donor-restricted to Utility Assistance	92,953	96,749
Donor-restricted to NWA	234,103	263,723
Donor-restricted to TACAA Disaster Assistance	5,123	5,973
Donor-restricted to Food Commodities	74,227	99,261
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,392,781	\$ 2,634,316

As part of NCCAA's liquidity management, it invests cash in excess of daily requirements in short term investment.

K. GRANTS RECEIVABLE

The Agency operates several reimbursements type programs. This amount represents the amount due to the Agency for earned expenditures in excess of reimbursements to date as of August 31, 2022. The following is the amount due from government entities:

GRANTS RECEIVABLE

	<u>2022</u>	<u>2021</u>
U.S. Dept. of Health & Human Services		
Head Start	\$1,039,685	\$1,251,917
Comprehensive Energy Assistance	964,751	335,765
LIHEAP WAP	84,245	19,031
LIHWAP Assistance	4,294	-
Community Services Block Grant	33,154	3,821
U.S. Dept. of Agriculture		
Child Care Food Program	125,491	164,747
U.S. Dept. of Energy		
Weatherization Assistance Program	6,718	5,812
Total	<u>\$2,258,338</u>	<u>\$1,781,093</u>

No allowances for uncollectible is recorded because all amounts due for government entities are 100% collectible.

NUECES COUNTY COMMUNITY ACTION AGENCY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2022 and 2021
(Continued)

L. LOANS RECEIVABLE AND LOAN PAYABLES

In previous years, NCCAA received grants to rehabilitate and construct new homes. The grant provided homes and rehabilitation grants ranging from \$22,366 to \$85,000. Other grants were received to provide down payment assistance. These grants ranged from \$13,000 to \$20,000 to qualified homebuyers. The full amounts of the individual loans are amortized on a monthly basis based on continuous ownership and occupancy. In the event of sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balance of the unearned forgivable loan immediately becomes due and payable by the homeowner to NCCAA. NCCAA has the option to return the funds to the awarding agency or use the proceeds to fund related home programs. The election will be made at the time the proceeds are received.

The current amounts at FYE 2022 and 2021 are \$10,590 and \$15,001 respectively. The long-term amounts at FY 2022 and 2021 are \$1,504 and \$13,930 respectively.

M. PROPERTY AND EQUIPMENT

Property and equipment over \$5,000 are capitalized and depreciated over its useful life using straight-line method in accordance with generally accepted accounting principles. Titles of property and equipment purchased with Federal funds vest with NCCAA subject to the following conditions:

1. Use of the equipment for the authorized purpose of the project until funding for the project ceases, or until the property is no longer needed for the purpose of the project.
2. Not encumber the property without approval of the Federal awarding agency or pass-through entity.

The changes for the property and equipment for August 31, 2022 and 2021 are as follows:

	Balance 09/01/21	Adjustment	Additions	Deletions	Balance 08/31/22
Furniture & Equip	\$ 1,167,107	\$ -	\$ -	\$ (488,030)	\$ 679,077
Building	\$ 3,822,122	-	-	\$ (24,468)	\$ 3,797,654
Improvements	\$ 230,071	-	-	-	\$ 230,071
Land	\$ 323,956	-	-	-	\$ 323,956
Vehicles	\$ 655,220	-	\$ 145,121	\$ (2,367)	\$ 797,974
CIP	\$ -	-	-	-	\$ -
	\$ 6,198,476	\$ -	\$ 145,121	\$ (514,865)	\$ 5,828,732
Less: Accumulated Depreciation	\$ 3,588,792	-	\$ 287,750	\$ (514,865)	\$ 3,361,676
Total	\$ 2,609,684	\$ -	\$ (142,628)	\$ -	\$ 2,467,056

NUECES COUNTY COMMUNITY ACTION AGENCY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2022 and 2021
(Continued)

N. PROPERTY AND EQUIPMENT- CONTINUED

	Balance 09/01/20	Adjustment	Additions	Deletions	Balance 08/31/21
Furniture & Equip	\$ 1,190,208		\$ 338,184	\$ (361,285)	\$ 1,167,107
Building	4,095,258		-	(273,136)	3,822,122
Improvements	230,071		-	-	230,071
Land	323,956		-	-	323,956
CIP	-		-	-	-
Vehicles	660,920		221,552	(227,252)	655,220
Subtotal	\$ 6,500,413	\$ -	\$ 559,736	\$ (861,673)	\$ 6,198,476
Less: Accumulated Depreciation	4,235,591	4,959	209,915	(861,673)	3,588,792
Total	\$ 2,264,822	\$ (4,959)	\$ 349,821	\$ -	\$ 2,609,684

O. PROPERTY HELD FOR RESALE

NCCAA has two categories of Property Held for Resale: Restricted and Unrestricted. From the Unrestricted, 8 lots valued at \$21,500 were contributed to Habitat for Humanity to assist in their affordable housing program.

Property held for resale is recorded at cost when acquired or constructed, with allowances made to reflect the lower of cost or market. At August 31, 2022 and 2021, NCCAA held \$310,773 worth of land and land infrastructure for resale for which \$276,000 was financed by the NeighborWorks America.

P. CORPUS CHRISTI COMMUNITY IMPROVEMENT CORPORATION (CCCIC)

NCCAA has received a total of \$1,850,604 HOME grant funds for construction of the Houston Street Apartments and Crestbrook under the City of Corpus Christi's Community Improvement Corporation (CCCIC). Under the period of affordability terms of the CHODO grant, NCCAA agreed that the City holds a lien on the properties for twenty years and fifteen years, respectively, from the completion of construction. The annual amortization is \$97,530 at August 31, 2022 and 2021. Amortization began in FY 2014 and will be completed in FY 2034 at a rate of zero interest. The amortization for 2022 and 2021 is as follows:

Orig Amt	FYE 8/31/22			Total
	17C	40A	40A	
	761,604	789,000	300,000	1,850,604
8/31/2023	38,080	39,450	20,000	97,530
8/31/2024	38,080	39,450	20,000	97,530
8/31/2025	38,080	39,450	20,000	97,530
8/31/2026	38,080	39,450	20,000	97,530
8/31/2027	38,080	39,450	20,000	97,530
Future	212,615	295,875	55,000	563,490
Total	403,015	493,125	155,000	1,051,140

FYE 8/31/21				
8/31/2022	38,080	39,450	20,000	97,530
8/31/2023	38,080	39,450	20,000	97,530
8/31/2024	38,080	39,450	20,000	97,530
8/31/2025	38,080	39,450	20,000	97,530
8/31/2026	38,080	39,450	20,000	97,530
Future	250,696	335,325	75,000	661,020
Total	441,096	532,575	175,000	1,148,670

NUECES COUNTY COMMUNITY ACTION AGENCY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2022 and 2021
(Continued)

Q. DEFERRED REVENUE

	<u>2022</u>	<u>2021</u>
Head Start Covid	\$ -	\$ 22,000
Reliant Energy	29,732	30,439
City of Corpus Christi	44,771	66,271
Child Care Food Program	74,227	99,261
NeighborWorks America	234,103	241,723
TACAA/AARP Disaster Relief	5,123	5,973
TXU	786	5,010
CPL	5,000	6,509
Nueces Electric Cooperative	33,397	30,753
CSBG	-	73,124
DOE WAP	-	23,938
Direct Energy NNP	23,028	23,028
Green Mountain Energy	1,010	1,010
Deferred Revenue	<u>\$ 451,177</u>	<u>\$ 629,039</u>

R. DESCRIPTION OF LEASING ARRANGEMENTS

Accounting Standards Update (ASU) 842 Accounting for Leases, becomes effective for non-profit organizations for fiscal years beginning after December 15, 2021. Accordingly, this disclosure is based on ASU 840.

Operating Leases

The Organization has several operating leases, primarily for various forms of equipment that expire at various dates through August 2027. Lease expense was \$74,579 and \$73,500 for August 31, 2022 and 2021.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of August 31, 2022 are:

Year Ending August 31,	
2023	80,796
2024	80,796
2025	42,227
2026	4,782
2027	1,993

The organization leases offices and other spaces under various space lease agreement. The following is a schedule by years of future minimum rental under the leases at August 31, 2022:

Year Ending August 31,	
2023	87,950
2024	6,900
2025	-
2026	-
2027	-

NUECES COUNTY COMMUNITY ACTION AGENCY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2022 and 2021
(Continued)

S. COLLATERALIZED DEPOSIT

NCCAA's bank deposits are covered by the Federal Deposit Insurance Corporation or by pledge collateral by the Agency's depository. The following is a summary of coverage at August 31, 2022:

	2022	2021
Deposits at August 31	\$1,585,620	\$1,482,263
FDIC Coverage	<u>(250,000)</u>	<u>(250,000)</u>
Excess (Deficit) Collateral	<u>\$(1,335,620)</u>	<u>\$(1,232,263)</u>

The Organization does not believe that it is exposed to any significant risk in connection with cash in excess of FDIC coverage.

T. RECONCILIATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA) TO THE FINANCIAL STATEMENTS

Expenditures per SEFA	\$19,261,851
Less Property	(145,121)
Plus In-Kind	1,038,023
Plus Depreciation	<u>287,722</u>
Total Expenditures per Statement of Activities	<u>\$20,442,475</u>

U. BASIS OF ACCOUNTING ON SUPPLEMENTAL SCHEDULES

The schedule of federal, state and other assistance and the supplemental schedules are prepared on the modified accrual basis. Under this basis, revenues are recognized when earned. The expenditures are recognized as they are incurred.

V. DATE OF MANAGEMENT REVIEW: SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 16, 2022. The date which the financial statements were available to be issued is January 23, 2023. Management did not consider it necessary to make any change to the financial statements for the fiscal year ended August 31, 2022 and 2021 as a result of this evaluation.



**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
Nueces County Community Action Agency
Corpus Christi, Texas

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 Nueces County Community Action Agency (a nonprofit organization), which comprise the statement of financial position as of August 31, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated December 16, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Nueces County Community Action Agency'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 Nueces County Community Action Agency's internal control. Accordingly, I do not express an opinion on the effectiveness of Nueces County Community Action Agency'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.

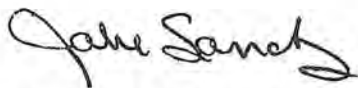
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nueces County Community Action Agency'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of the 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.



Juaquin "Jake" Sanchez
CERTIFIED PUBLIC ACCOUNTANT
Corpus Christi, TX

December 16, 2022



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

To the Board of Directors
Nueces County Community Action Agency
Corpus Christi, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited Nueces County Community Action Agency's (a nonprofit organization) 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 Nueces County Community Action Agency's major federal programs for the year ended August 31, 2022. Nueces County Community Action Agency'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, Nueces County Community Action Agency 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 August 31, 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 Nueces County Community Action Agency 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 Nueces County Community Action Agency'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, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Nueces County Community Action Agency'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 Nueces County Community Action Agency'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 Nueces County Community Action Agency'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:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Nueces County Community Action Agency's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of Nueces County Community Action Agency'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 Nueces County Community Action Agency'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.

Other Matters

The results of my auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance.

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 a 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.



Juaquin "Jake" Sanchez
CERTIFIED PUBLIC ACCOUNTANT
Corpus Christi, TX
December 16, 2022

**NUECES COUNTY COMMUNITY ACTION AGENCY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2022**

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Nueces County Community Action Agency were prepared in accordance with GAAP.
2. No significant deficiencies disclosed during the audit of the financial statements are reported in the 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. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Nueces County Community Action Agency were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs disclosed during the audit is reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance required by Uniform Guidance (2CFR 200).
5. The auditor's report on compliance for the major federal awards programs for Nueces County Community Action Agency expresses an unmodified opinion on all major federal programs.
6. No audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) is reported in this Schedule.
7. The programs tested as major programs include:
 - Head Start Cluster
 - 93.600 Department of Health and Human Services Administration
for Children and Families Head Start
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Nueces County Community Action Agency was determined to be a low-risk auditee.

**NUECES COUNTY COMMUNITY ACTION AGENCY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2022
(Continued)**

**II. FINDINGS – FINANCIAL STATEMENT AUDIT REPORTED IN ACCORDANCE WITH
GAGAS**

NONE

III. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

**AUDITOR'S COMMENTS ON AUDIT RESOLUTION MATTERS
RELATING TO THE PRIOR YEAR AUDIT**

Board of Directors
Nueces County Community Action Agency
Corpus Christi, TX

No findings reported in prior year audit ended August 31, 2021.

No resolution action required

**NUECES COUNTY COMMUNITY ACTION AGENCY
SCHEDULE OF FEDERAL, STATE AND OTHER AWARDS
YEAR ENDED AUGUST 31, 2022**

Federal or State Grantor Pass Through Grantor Program Title	CFDA NO.	AGENCY OR PASS-THRU NO.	PROGRAM OR AWARD AMOUNT	FUND BALANCE (ACCRUED) DEFERRED REVENUE 09/01/21	GRANT PROCEEDS RECEIVED	TOTAL PROGRAM EXPENSES	FUND BALANCE (ACCRUED) DEFERRED REVENUE 08/31/22
Federal Assistance:							
<u>U.S. Department of Agriculture</u>							
Pass Through - Texas Department of Agriculture:							
Child Care Food Program FYE 09/30/21 (74/75)	10.558	02989	715,454	\$ (65,486)	\$ 202,826	\$ 63,113	\$ 74,227
Child Care Food Program FYE 09/30/22 (74/75)	10.558	02989	761,267	-	554,077	679,568	(125,491)
Total CFDA Number 10.558				<u>\$ (65,486)</u>	<u>\$ 756,903</u>	<u>\$ 742,681</u>	<u>\$ (51,264)</u>
Total Passed Through Texas Dept of Agriculture				<u>\$ (65,486)</u>	<u>\$ 756,903</u>	<u>\$ 742,681</u>	<u>\$ (51,264)</u>
Total U.S. Department of Agriculture				<u>\$ (65,486)</u>	<u>\$ 756,903</u>	<u>\$ 742,681</u>	<u>\$ (51,264)</u>
<u>U.S. Department of Treasury</u>							
Direct Programs:							
NeighborWorks America FYE 01/31/18 (41P)	21.000	N/A	100,000	\$ 781	\$ -	\$ 195	\$ 586
NeighborWorks America FY2018 (41R)	21.000	N/A	105,000	423	-	285	138
NeighborWorks America SIF FY2019 (41S)	21.000	N/A	75,000	31,591	-	16,672	14,919
NeighborWorks America Rural FY2019 (41V)	21.000	N/A	26,867	17,587	-	16,587	1,000
NeighborWorks America FY2020 (41W)	21.000	N/A	127,500	4	-	4	-
NeighborWorks America FY2021 (41X)	21.000	N/A	155,000	122,449	-	104,652	17,797
NeighborWorks America FY2022 (41Y)	21.000	N/A	175,000	-	175,000	55,996	119,004
NeighborWorks America Hurricane Supplies (40C)	21.000	N/A	12,500	510	-	261	249
NeighborWorks America Pandemic Supplemental (40E)	21.000	N/A	20,000	2,896	-	809	2,087
NeighborWorks Rental Resilience (40G)	21.000	N/A	25,000	25,000	-	-	25,000
NeighborWorks Training (40H)	21.000	N/A	9,000	9,000	-	1,047	7,953
NeighborWorks Pandemic Recovery (40I)	21.000	N/A	20,000	17,729	-	13,112	4,617
NeighborWorks Disaster Kits(40J)	21.000	N/A	500	3	-	-	3
NeighborWorks Winter Storm URI(40L)	21.000	N/A	20,000	13,750	-	-	13,750
NeighborWorks Suppl Training (40M)	21.000	N/A	6,000	-	6,000	-	6,000
NeighborWorks_NWA Week(40N)	21.000	N/A	1,000	-	1,000	-	1,000
NeighborWorks Property Mgmt(40O)	21.000	N/A	20,000	-	20,000	-	20,000
Total CFDA Number 21.000				<u>\$ 241,723</u>	<u>\$ 202,000</u>	<u>\$ 209,620</u>	<u>\$ 234,103</u>
Total U.S. Department of Treasury				<u>\$ 241,723</u>	<u>\$ 202,000</u>	<u>\$ 209,620</u>	<u>\$ 234,103</u>
<u>U.S. Department of Energy</u>							
Pass Through - Texas Department of Housing and Community Affairs:							
DOE/Weatherization Assistance Program (18X) 07/2019-06/2021	81.042	56190003132	280,062	\$ 23,967	\$ (23,976)	\$ (9)	\$ -
DOE/Weatherization Assistance Program (18Y) 07/2021-06/2022	81.042	56210003519	125,470	(5,812)	99,301	93,489	-
DOE/Weatherization Assistance Program (18Z) 07/2022-06/2023	81.042	56220003766	128,648	-	-	6,718	(6,718)
Total CFDA Number 81.042				<u>\$ 18,155</u>	<u>\$ 75,325</u>	<u>\$ 100,198</u>	<u>\$ (6,718)</u>
Total Passed Through Texas Department of Housing and Community Affairs				<u>\$ 18,155</u>	<u>\$ 75,325</u>	<u>\$ 100,198</u>	<u>\$ (6,718)</u>
TOTAL U.S. Department of Energy				<u>\$ 18,155</u>	<u>\$ 75,325</u>	<u>\$ 100,198</u>	<u>\$ (6,718)</u>

**NUECES COUNTY COMMUNITY ACTION AGENCY
SCHEDULE OF FEDERAL, STATE AND OTHER AWARDS
YEAR ENDED AUGUST 31, 2022**

Federal or State Grantor Pass Through Grantor Program Title	CFDA NO.	AGENCY OR PASS-THRU NO.	PROGRAM OR AWARD AMOUNT	FUND BALANCE (ACCRUED) DEFERRED REVENUE 09/01/21	GRANT PROCEEDS RECEIVED	TOTAL PROGRAM EXPENSES	FUND BALANCE (ACCRUED) DEFERRED REVENUE 08/31/22
U.S. Department of Health and Human Services							
Direct Programs:							
Head Start - Full Day FYE 08/31/21 (22)	93.600	06CH010656/03	12,517,352	\$ (1,123,814)	\$ 1,123,814	\$ -	\$ -
Head Start - Full Day FYE 08/31/22 (22)	93.600	06CH010656/04	12,667,944	-	11,241,516	12,262,933	(1,021,417)
Head Start - CARES (22Z)	93.600	06CH010656/03/C3	444,791	(79,680)	79,680	-	-
Head Start - CARES (22Z)	93.600	06CH010656/04/C3	184,607	-	112,952	112,952	-
Head Start - COVID Suppl (22E)	93.600	06HE000373/01/C5	278,396	22,000	16,871	39,161	(290)
American Rescue Plan - COVID (22F)	93.600	06HE000373/01/C6	1,106,763	(48,423)	487,092	456,647	(17,978)
Total CFDA Number 93.600				<u>\$ (1,229,917)</u>	<u>\$ 13,061,925</u>	<u>\$ 12,871,693</u>	<u>\$ (1,039,685)</u>
Pass Through - Texas Department of Housing and Community Affairs:							
LIHEAP Weatherization Assist. FYE 09/30/21 (21X)	93.568	81200003193	347,022	\$ (2,682)	\$ 31,151	\$ 29,446	\$ (977)
LIHEAP Weatherization Assist. FYE 06/30/22 (21Y)	93.568	81210003424	271,417	(16,349)	231,142	214,793	-
LIHEAP Weatherization Assist. FYE 12/31/22 (21Z)	93.568	81220003616	246,096	-	119,488	202,756	(83,268)
LIHWAP 01/01/22-03/31/23 (23A)	93.568	34210003687	718,868	-	4,067	8,361	(4,294)
Comprehen. Energy Assist. Prog. FYE 08/31/21 (58X)	93.568	58200003165	2,162,188	(22,229)	697	(21,532)	-
Comprehen. Energy Assist. Prog. FYE 06/30/22 (58Y)	93.568	58210003396	2,273,226	(298,290)	2,020,737	1,722,447	-
Comprehen. Energy Assist. Prog. CARES (58Z)	93.568	58990003308	1,592,299	(15,246)	(22,051)	(37,297)	-
Comprehen. Energy Assist. Prog. ARP 10/01/21-09/30/22 (59D)	93.568	25210003549	1,246,769	-	1,200,126	1,218,035	(17,909)
Comprehen. Energy Assist. Prog. FYE 12/31/22 (61A)	93.568	58220003589	2,023,048	-	483,613	1,430,455	(946,842)
Total CFDA Number 93.568				<u>\$ (354,796)</u>	<u>\$ 4,068,970</u>	<u>\$ 4,767,464</u>	<u>\$ (1,053,290)</u>
Community Services Block Grant 01/01/21-09/30/22 (06I)	93.569	61200003458	451,715	(3,821)	292,100	305,008	(16,729)
Community Services Block Grant 01/01/22-12/31/22 (06J)	93.569	61220003650	453,067	-	-	11,091	(11,091)
Community Services Block Grant Discretionary 02/01/22-09/30/22 (06S)	93.569	61910003717	20,833	-	6,973	12,307	(5,334)
Community Services Block Grant Discretionary Equip 02/01/22-09/30/22 (06U)	93.569	61910003738	8,696	-	5,635	5,635	-
Community Services Block Grant CARES 03/27/20-03/31/22 (06Z)	93.569	61200003348	602,160	73,124	12,359	85,483	-
Total CFDA Number 93.569				<u>\$ 69,303</u>	<u>\$ 317,067</u>	<u>\$ 419,524</u>	<u>\$ (33,154)</u>
Total Passed Through Texas Department of Housing and Community Affairs				<u>\$ (285,493)</u>	<u>\$ 4,386,037</u>	<u>\$ 5,186,988</u>	<u>\$ (1,086,444)</u>
Total U.S. Department of Health and Human Services				<u>\$ (1,515,410)</u>	<u>\$ 17,447,962</u>	<u>\$ 18,058,681</u>	<u>\$ (2,126,129)</u>
Total Federal Assistance				<u>\$ (1,321,018)</u>	<u>\$ 18,482,190</u>	<u>\$ 19,111,180</u>	<u>\$ (1,950,008)</u>

NUECES COUNTY COMMUNITY ACTION AGENCY
SCHEDULE OF FEDERAL, STATE AND OTHER AWARDS
YEAR ENDED AUGUST 31, 2022

Federal or State Grantor Pass Through Grantor Program Title	CFDA NO.	AGENCY OR PASS-THRU NO.	PROGRAM OR AWARD AMOUNT	FUND BALANCE (ACCRUED) DEFERRED REVENUE 09/01/21	GRANT PROCEEDS RECEIVED	TOTAL PROGRAM EXPENSES	FUND BALANCE (ACCRUED) DEFERRED REVENUE 08/31/22
Other Awards:							
City of Corpus Christi Soledad Revitalization FYE 8/31/11 (17B)	N/A	N/A	N/A	\$ 66,271	\$ -	\$ 21,500	\$ 44,771
Nueces Electric Cooperative (52)	N/A	N/A	30,753	30,753	4,224	1,580	33,397
Green Mountain Energy (53A)	N/A	N/A	1,010	1,010	-	-	1,010
Reliant Energy Assistance (54)	N/A	N/A	30,439	30,439	-	707	29,732
TXU Energy Aid (55)	N/A	N/A	4,668	4,668	-	4,224	444
TXU Energy Efficiency Assistance (55A)	N/A	N/A	342	342	-	-	342
CP&L Neighbor to Neighbor (57)	N/A	N/A	6,509	6,509	-	1,509	5,000
Direct Energy NNP (57B)	N/A	N/A	23,028	23,028	-	-	23,028
TACAA/AARP Disaster Relief (06B)	N/A	N/A	33,974	5,096	-	-	5,096
TACAA/CAP Hurricane Assistance (06C)	N/A	N/A	11,625	877	-	850	27
Ed Rachal Foundation (01S)	N/A	N/A	50,000	-	50,000	50,000	-
Administrative - Local	N/A	N/A	N/A	1,365,179	245,159	70,301	1,540,037
Total Other Awards				<u>\$ 1,534,172</u>	<u>\$ 299,383</u>	<u>\$ 150,671</u>	<u>\$ 1,682,884</u>
TOTAL AWARDS				<u>\$ 213,154</u>	<u>\$ 18,781,573</u>	<u>\$ 19,261,851</u>	<u>\$ (267,124)</u>

**NUECES COUNTY COMMUNITY ACTION AGENCY
NOTES TO SCHEDULE OF FEDERAL, STATE AND OTHER AWARDS
For the Year Ended August 31, 2022**

NOTE 1: BASIS OF ACCOUNTING

The modified accrual basis is used for the Schedule of Expenditures of Federal Awards. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities for the current period. Expenditures are recorded when the liability is incurred. Nueces County Community Action Agency has elected not to use the 10% de minimis cost rate as covered by paragraph 200.414 of the Uniform Guidance.

NOTE 2: MAJOR PROGRAMS

Major programs are identified in the Summary of Auditor’s Results section of the Schedule of Findings and Questioned Costs.

NOTE 3: PASS THROUGH TO SUBRECIPIENTS

There are no awards passed through to subrecipients.