

**HINDS COUNTY  
HUMAN RESOURCE AGENCY  
JACKSON, MISSISSIPPI**

**AUDITED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

# HINDS COUNTY HUMAN RESOURCE AGENCY

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## Independent Auditors' Report

To the Board of Directors of  
Hinds County Human Resource Agency  
Jackson, Mississippi

### Report on the Financial Statements

We have audited the accompanying financial statements of Hinds County Human Resource Agency (a nonprofit organization), which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hinds County Human Resource Agency as of September 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (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 our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2021, on our consideration of Hinds County Human Resource Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hinds County Human Resource 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 Hinds County Human Resource Agency's internal control over financial reporting and compliance.

Houston, Mississippi  
June 28, 2021

*Watkins Ward and Stafford, P.C.*

HINDS COUNTY HUMAN RESOURCE AGENCY  
Statement of Financial Position  
September 30, 2020

**Assets**

**Current Assets:**

Cash	\$ 1,338,666
Investments	213,326
Grant/contract funds receivable	<u>1,754,483</u>
<b>Total Current Assets</b>	<b><u>3,306,475</u></b>

**Capital Assets:**

Property and equipment, net of accumulated depreciation of \$230,925	<u>49,415</u>
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<b>Total Assets</b>	<b>\$ <u><u>3,355,890</u></u></b>
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**Liabilities and Net Assets**

**Current Liabilities:**

Accounts payable	\$ 1,264,836
Accrued liabilities	514,835
Due to grantor	<u>132,171</u>
<b>Total Current Liabilities</b>	<b><u>1,911,842</u></b>

**Net Assets:**

Without donor restrictions	1,261,425
With donor restrictions	<u>182,623</u>

<b>Total Net Assets</b>	<b><u>1,444,048</u></b>
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<b>Total Liabilities and Net Assets</b>	<b>\$ <u><u>3,355,890</u></u></b>
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The accompanying notes to financial statements are an integral part of these financial statements.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Statement of Activities  
Year Ended September 30, 2020

**Changes in Net Assets Without Donor Restrictions:**

Revenues and Gains:	
Local government financial assistance	\$ 77,164
Fund raising activities	73,780
Interest income	9,540
Donations	<u>2,623</u>
Total Revenues and Gains	163,107
Net Assets Released From Restrictions:	
Satisfaction of program restrictions	<u>20,667,957</u>
Total Revenues, Gains and Other Support	<u>20,831,064</u>
Expenses:	
Programs:	
Head Start	14,164,097
Child and Adult Care Food Program	899,936
Special Programs for the Aging, Title III, Part C, Nutrition Services	126,691
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	1,950
Low-Income Home Energy Assistance Program	1,828,549
Community Services Block Grant	693,987
Formula Grants for Other Than Urbanized Areas	444,221
Fund raising activities	23,754
Other services	120,339
General and administrative	<u>2,384,676</u>
Total Expenses	<u>20,688,200</u>
<b>Increase in Net Assets Without Donor Restrictions</b>	<b>\$ <u>142,864</u></b>

The accompanying notes to financial statements are an integral part of these financial statements:

HINDS COUNTY HUMAN RESOURCE AGENCY  
Statement of Activities  
Year Ended September 30, 2020

<b>Changes in Net Assets With Donor Restrictions:</b>	
Federal grants/contracts	\$ 19,722,242
Other grants/contracts	105,910
Program income	8,326
In-kind contributions	824,215
Other	10,280
Net Assets Released From Restrictions:	
Satisfaction of program restrictions	<u>( 20,667,957)</u>
<b>Increase in Net Assets With Donor Restrictions</b>	<u>3,016</u>
<b>Increase in Net Assets</b>	145,880
<b>Net Assets Beginning of Year</b>	<u>1,298,168</u>
<b>Net Assets End of Year</b>	<u><u>\$ 1,444,048</u></u>

The accompanying notes to financial statements are an integral part of these financial statements:

HINDS COUNTY HUMAN RESOURCE AGENCY  
Statement of Functional Expenses  
Year Ended September 30, 2020

		Head Start	Child and Adult Care Food Program	Special Program for the Aging, Title III, Part C Nutrition Services	Special Program for the Aging, Title III, Part B Grants for Supportive Senior Centers	Low-Income Home Energy Assistance Program
Personnel	\$	6,048,948	334,095	1,867	-	75,960
Fringe benefits		1,902,996	105,095	598	-	23,983
Travel		15,300	53	3,163	-	833
Contractual		568,334	-	-	-	-
Equipment rental		44,570	20,816	-	-	-
Repairs and maintenance		582,761	-	-	-	-
Vehicle expenses		22,079	-	-	-	-
Insurance		168,854	-	-	-	-
Supplies		831,393	20,182	441	-	3,807
Telephone		169,400	-	243	-	-
Space/utilities		398,246	-	-	-	-
Client Assistance		2,040	-	-	-	1,721,674
Food & Delivery		16,303	361,750	119,051	-	-
In-kind expenses		824,215	-	-	-	-
Equip. & Bldg purchases		354,431	-	-	-	1,977
Depreciation		-	-	-	-	-
Other		2,214,227	57,945	1,328	1,950	315
Total Expenses Before Indirect Expenses		14,164,097	899,936	126,691	1,950	1,828,549
Indirect expenses		2,143,137	118,272	638	-	25,962
<b>Total Functional Expenses</b>		<b>\$ 16,307,234</b>	<b>1,018,208</b>	<b>127,329</b>	<b>1,950</b>	<b>1,854,511</b>

The accompanying notes to financial statements are an integral part of these financial statements.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Statement of Functional Expenses  
Year Ended September 30, 2020

		Community Services Block Grant	Formula Grants for Other Than Urbanized Areas	Fund Raising Activities	Other Services	Total Program Expenses
Personnel	\$	176,653	102,559	618	-	6,740,700
Fringe benefits		55,404	32,191	185	-	2,120,452
Travel		3,360	-	-	-	22,709
Contractual		7,914	-	-	6,918	583,166
Equipment rental		6,719	-	-	-	72,105
Repairs and maintenance		53	-	-	101	582,915
Vehicle expenses		4,588	102,186	-	-	128,853
Insurance		8,217	57,018	-	3,101	237,190
Supplies		7,851	2,295	63	289	866,321
Telephone		23,429	726	-	40	193,838
Space/utilities		44,463	1,931	11,615	10,194	466,449
Client Assistance		295,815	-	-	42,829	2,062,358
Food & Delivery		-	-	-	328	497,432
In-kind expenses		-	-	-	-	824,215
Equip. & Bldg purchases		-	117,000	-	2,591	475,999
Depreciation		-	-	-	-	-
Other		59,521	28,315	11,273	53,948	2,428,822
<hr/>						
Total Expenses Before Indirect Expenses		693,987	444,221	23,754	120,339	18,303,524
Indirect expenses		60,390	36,066	211	-	2,384,676
<hr/>						
<b>Total Functional Expenses</b>	<b>\$</b>	<b>754,377</b>	<b>480,287</b>	<b>23,965</b>	<b>120,339</b>	<b>20,688,200</b>

The accompanying notes to financial statements are an integral part of these financial statements.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Statement of Functional Expenses  
Year Ended September 30, 2020

		General and Admini- strative		Total Expenses
Personnel	\$	1,279,718	\$	8,020,418
Fringe benefits		382,867		2,503,319
Travel		4,700		27,409
Contractual		24,136		607,302
Equipment rental		123,219		195,324
Repairs and maintenance		7,973		590,888
Vehicle expenses		-		128,853
Insurance		19,972		257,162
Supplies		101,844		968,165
Telephone		38,646		232,484
Space/utilities		101,408		567,857
Client Assistance		-		2,062,358
Food & Delivery		-		497,432
In-kind expenses		-		824,215
Equip. & Bldg purchases		-		475,999
Depreciation		-		-
Other		300,193		2,729,015
Total Expenses Before Indirect Expenses		2,384,676		20,688,200
Indirect expenses		(2,384,676)		-
<b>Total Functional Expenses</b>	\$	-	\$	20,688,200

The accompanying notes to financial statements are an integral part of these financial statements.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Statement of Cash Flows  
Year Ended September 30, 2020

**Cash Flows From Operating Activities:**

Increase in net assets \$ 145,880

**Adjustments to Reconcile Increase in Net Assets to Net Cash and Cash  
Equivalents Provided by Operating Activities:**

Increase in grant/contract funds receivable ( 825,220)  
Decrease in other receivables 4,558  
Decrease in prepaid expenses 184  
Increase in accounts payable 937,779  
Increase in due to grantor 131,192  
Increase in accrued liabilities 163,972

Total Adjustments to Reconcile Change in Net Assets 412,465

**Net Cash Provided by Operating Activities** 558,345

**Cash Flows From Investing Activities:**

Purchase of capital assets ( 4,682)

**Net Increase in Cash and Cash Equivalents** 553,663

**Cash and Cash Equivalents at Beginning of Year** 998,329

**Cash and Cash Equivalents at End of Year** \$ 1,551,992

**Reconciliation of Cash and Cash Equivalents:**

Cash \$ 1,338,666  
Investments 213,326  
Total Cash and Cash Equivalents \$ 1,551,992

The accompanying notes to financial statements are an integral part of these financial statements.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Notes to Financial Statements

**Note 1: Agency's History and Operating Structure**

Hinds County Human Resource Agency was designated as a Community Action Agency of Hinds County, Mississippi, on November 10, 1975, as a nonprofit, no-share organization. The Agency was formed for the purpose of civic improvement and economic development of Hinds County. Hinds County Human Resource Agency is funded by contributions from local government entities within its service area, federal and state funded grant awards, contractual services rendered on a cost reimbursement basis to local government entities, and other contractual services which comply with the Agency's purpose.

The Board of Directors consists of fifteen (15) members. Membership consists of five (5) public sector, five (5) poor sector, and five (5) private sector directors. The public sector directors are appointed by the Supervisors of Hinds County Districts. Directors of the poor sector consist of one (1) elected individual from each of the five Supervisory Districts of Hinds County. The Board of Directors selects organizations to represent the private sector that are concerned with business, industry, labor, religion, welfare, education, civic, professional, significant minority groups or other community interests which do not receive tax dollars to defer the cost of their operations. The organization selected chooses the person to represent it on the Board of Directors. There shall always be allocated to the Hinds County Project Head Start Policy Council one (1) seat on the Board of Directors representing the private sector that will serve as the Board's liaison to the Public Council.

The Agency is exempt from corporate income taxes granted by the Internal Revenue Service (IRS) under Section 501(c) (3) of the Internal Revenue Code. The State of Mississippi income tax laws recognize Hinds County Human Resource Agency as a tax-exempt organization for Mississippi income tax purposes.

**Note 2: Summary of Significant Accounting Policies**

**a. Basis of Accounting** - The financial statements of Hinds County Human Resource Agency are presented on the accrual basis of accounting.

**b. Basis for Presentation** – Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Agency and changes therein are classified in three categories of net assets, as applicable, and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor restrictions. Net assets without donor restrictions may also include discretionary designations made by the board of directors.

Net assets with donor restrictions – Net assets subject to donor imposed restrictions that may or will be met, either by actions of the board of directors and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Notes to Financial Statements

**Note 2: Summary of Significant Accounting Policies (Continued)**

**c. Cash and Cash Equivalents** - For purposes of the statements of cash flows, Hinds County Human Resource Agency considers all cash and highly liquid investments available for current use with an initial maturity of six months or less to be cash equivalents.

**d. Investments in Equity Securities** – Investment in equity securities are carried at fair value. Fair value is based on quoted market prices with interest, dividends, and gains and losses, both realized and unrealized, on investment in equity securities included in revenues and gains when earned.

**e. Capital Assets** - Capital assets purchased with unrestricted funds are recorded at cost when purchased and depreciated over their estimated useful lives.

In accordance with FASB ASC 958-360-50-3 and 50-4, property and equipment purchased with grant funds are expensed when purchased and not recorded on the statement of financial position because reversionary title is held by grantor.

**f. Grant and Contract Revenue** - Grant and contract funds are recognized as revenue when expenses are incurred. Any excess receipts over allowable expenses are recognized as unexpended grant funds (liabilities) or deferred revenue, and any expenses in excess of receipts are recognized as funds receivable.

**g. In-Kind Contributions** - The Agency uses in-kind contributions to satisfy the cost sharing requirements of contracts, including the Department of Health and Human Services. The revenues and expenses resulting from these contributions are recorded in accordance with FASB ASC 958-605-25-16.

**h. Other Income** - Revenues from these sources are recognized in the accounting period in which they are received.

**i. Expense Allocation** - Expenses are classified in two categories – direct and indirect. Direct expenses are charged to the grant or fund service incurring the expense. Indirect expenses consist of released time and fringe benefits and indirect costs that cannot be identified as directly benefiting a grant or fund source. These costs are pooled and allocated to the various grants and fund sources based on direct personnel compensation.

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

HINDS COUNTY HUMAN RESOURCE AGENCY  
Notes to Financial Statements

**Note 3: Contingent Liabilities**

On March 11, 2020, the World Health Organization declared the COVID-19 virus outbreak to be a pandemic. Management has evaluated the potential impact of the pandemic on its business operations. The Agency's mission is to provide social and welfare services to its clients. The pandemic has limited in person communication with its clients resulting in a disruption of services being provided. The pandemic also has resulted in the increase of funding to the Agency from both the Federal and State governments. As a result, the Agency will increase services it provides to its clients to comply with requirements of these new grants. While the Agency expects the COVID-19 crisis to negatively impact its operating results, the related financial impact and duration cannot be reasonably estimated at this time.

**Note 4: Liquidity and Availability of Financial Assets**

Hinds County Human Resource Agency is funded primarily by Federal and State grants. The Agency must maintain adequate resources and certain financial assets may not be available for general expenditure within one year. As part of its liquidity management, the Agency has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations become due.

Below reflects the Agency's financial assets as of September 30, 2020, reduced by the amounts that are not available for general use due to contractual or donor-imposed restrictions within one year of the statement of financial position date.

	2020
Financial Assets at year-end	\$ 3,306,475
Less those unavailable for general expenditures within one year	-
Financial Assets available to meet cash needs for general expenditures within one year	\$ 3,306,475

**Note 5: Investments**

Hinds County Human Resource Agency has funds invested in various mutual funds and face amount certificates with Ameriprise Financial Services, Inc. These investments are summarized below:

	Cost	Market
Mutual funds	\$ 168,335	\$ 198,625
Face amount certificate	14,701	14,701
	\$ 183,036	\$ 213,326

HINDS COUNTY HUMAN RESOURCE AGENCY  
Notes to Financial Statements

**Note 6: Fair Value of Investments**

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgement used in measuring fair value. In the absence of actively quoted prices and observable inputs, estimated prices are based on available historical data and near term pricing information that reflects its market assumptions. The statement requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 – Quoted market prices in active markets for identical assets and liabilities.
- Level 2 – Observable market based inputs or unobservable inputs corroborated by market data.
- Level 3 – Unobservable inputs that are not corroborated by market data.

Fair value of assets measured on a recurring basis at December 31, 2020 are as follows:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 198,625	\$ -	\$ -	\$ 198,625
Face amount certificate	14,701	-	-	14,701
	<u>\$ 213,326</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213,326</u>

Mutual funds – fair value of mutual funds is determined by reference to quoted market prices and other relevant information generated by market transactions.

Face amount certificates – fair value of face amount certificates is estimated to be at face value of the certificate.

**Note 7: Grant/Contract Funds Receivable**

Grant/Contract funds receivable represent amounts due from various grants and contracts at September 30, 2020, as follows:

Section 5311 Transportation	\$ 131,132
Special Programs for the Aging, Title III, Part C, Nutrition Services	26,709
Low-Income Home Energy Assistance	260,138
Community Services Block Grant	74,493
Head Start	<u>1,262,011</u>
	<u>\$ 1,754,483</u>

HINDS COUNTY HUMAN RESOURCE AGENCY  
Notes to Financial Statements

**Note 8: Capital Assets**

The following is a summary of changes in capital assets:

	Balance 09/30/2019	Additions	Retirements	Balance 09/30/2020
Buildings and equipment	\$ 275,658	4,682		\$ 280,340
Less: Accumulated Depreciation	( 230,925)	-	-	( 230,925)
 Net Unrestricted Capital Assets	 \$ <u>44,733</u>	 <u>4,682</u>	 <u>-</u>	 \$ <u>49,415</u>

There was no depreciation of capital assets recorded for the year ended September 30, 2020.

The Agency has property and equipment with a cost totaling \$10,520,773 that is used in operations but not recorded on the statement of financial position because reversionary title is held by grantors.

**Note 9: Unobligated Head Start Funds**

Head Start utilizes Payment Management System (PMS), an online based grants payment and cash management system that is fully automated to receive payment requests, edit them for accuracy and content, and transmit the payment to either the Federal Reserve Bank or the U.S. Treasury for deposit into the grantee's bank account. PMS has on deposit unexpended (unobligated) Head Start funds from previous and current Head Start grants which have not been reprogrammed by the funding source. Grantees do not have authority to spend unobligated Head Start funds associated with prior year contracts, nevertheless these funds remain in the PMS system as cash available for drawdown until the grant is either closed or reprogrammed. Hinds County Human Resource Agency does not record the unobligated funds or the cash balance in PMS on its financial statements but reconciles its financial records to PMS to ensure only funds from current year contracts are expended. As of September 30, 2020, unobligated Head Start funds were as follows:

Contract Number		
04CH3194/36	\$	74
04CH3194/46		18,025
04CH3194/48		14,323
04CH3194/49		67,689
04CH01042501		27,203
04CH01042502		436,364
04CH01042503		415,595
04CH01042504		800,267
04CH01042505		<u>6,950,742</u>
	\$	<u>8,730,282</u>

HINDS COUNTY HUMAN RESOURCE AGENCY  
Notes to Financial Statements

**Note 10: Risk Management**

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency purchases coverage of risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters from various commercial insurance carriers. During the year, the Agency purchased coverage of risks of loss related to workers' compensation claims from CHARTIS.

Under Governmental Accounting Standards Board Statement Number 10: *Accounting and Financial Reporting for Risks Financial and Related Insurance Issues*, a liability for claims must be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. As of the date of this audit report; there were no known claims above the amount of coverage purchased for risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters at September 30, 2020; therefore, no liability was accrued at year end.

**Note 11: Concentrations of Credit Risk**

Hinds County Human Resource Agency is a nonprofit agency that administers grants. A substantial portion of the Agency's revenues is dependent upon funding from federal and state agencies.

The Agency has funds invested in various mutual funds and face amount certificates which are not collateralized.

The collateral for public entities' deposits in financial institutions are now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss Code Ann.(1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of a failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the agency. As of September 30, 2020, all of the funds available to be included in the state's collateral pool program were properly included and were fully collateralized.

**Note 12: In-kind**

FASB ASC 958-605-25-16 (formerly SFAS No. 116, paragraph 9) states that contributions of services are recognized only if the services received require specialized skills. For the year ended September 30, 2020, Hinds County Human Resource Agency received contributions of services requiring non-specialized skills totaling \$3,816,141. Contributions of non-specialized services were used for Head Start and consisted of volunteer personnel to help carry out program objectives. In accordance with FASB ASC 958-605-25-16, contributions of non-specialized skills are not recorded on the Agency's financial statements.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Notes to Financial Statements

**Note 13: Operating Leases**

Hinds County Human Resource Agency leases real property and equipment from various sources with non-cancelable lease terms in excess of one year. A description of operating leases is as follows:

**Head Start Facilities** - The Agency leases facilities used for educational purposes with lease terms ranging from January 1, 2014 until December 31, 2034. The Agency also leases a warehouse with a lease term commencing on August 1, 2019 and ending on July 31, 2029.

**Office Building** - The Agency leases an office building for a term of thirty-six (36) months beginning on February 1, 2020, and ending on January 31, 2023.

**Office Equipment** - The Agency leases numerous copiers with lease terms of thirty-six (36) to sixty (60) months.

A schedule of future minimum rental payments are as follows:

2021	333,676
2022	306,840
2023	159,567
2024	<u>73,010</u>
	<u>\$ 873,093</u>

For the fiscal year ended September 30, 2020, the Agency incurred rental expenses totaling \$353,671.

**Note 14: Fundraising**

The Agency hosts an annual banquet and conducts other occasional fundraising activities, usually for specific purposes. During this fiscal year the Agency received \$73,930 from those activities and expended \$23,965 from those activities.

**Note 15: Pension Plan**

Hinds County Human Resource Agency employees are covered by a defined contribution money purchase plan. All employees who work thirty (30) hours or more each week are eligible to participate. The Agency contributes 10% of compensation for employees who were employed prior to January 1, 2000. For employees employed after January 1, 2000, the Agency contributes according to the following schedule:

Years of Service	Contribution Percentage
1 - 5	3%
6 - 10	5%
11 - Thereafter	10%

The cost of contributions incurred by the Agency totaled \$406,996 during the fiscal year ended September 30, 2020.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Notes to Financial Statements

**Note 16: Compensated Absences**

Employees of the Agency earn leave that accrues according to years of service and results in a liability which is recorded on the Statement of Financial Position. The liability accrued at September 30, 2020, totals \$68,557.

**Note 17: Subsequent Events**

Events that occur after the Statement of Financial Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Financial Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Financial Position date require disclosure in the accompanying notes. Management of the Agency evaluated the activity of the Agency through June 28, 2021, the date the financial statements were available to be issued, and determined that there were no subsequent events that should be noted in the financial statements.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2020

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Passed to Sub- Recipients</u>	<u>Federal Expenditures</u>
<b>Department of Agriculture:</b>				
Passed Through State of Mississippi:				
Child and Adult Care Food Program	10.558	V0000324790	\$ -	\$ 729,028
Passed Through Central Mississippi Planning and Development District:				
Commodity Supplement Food Program	10.565	N/A	-	22,460
Commodity Supplement Food Program	10.565	N/A	-	6,942
Total Commodity Supplement Food Program			-	29,402
<b>Total Department of Agriculture</b>			-	758,430
<b>Department of Transportation:</b>				
Passed Through State of Mississippi:				
Formula Grants for Other Than Urbanized Areas	20.509	N/A	-	117,000
Formula Grants for Other Than Urbanized Areas	20.509	N/A	-	118,982
COVID-19 Formula Grants for Other Than Urbanized Areas	20.509	N/A	-	158,804
<b>Total Department of Transportation</b>			-	394,786
<b>Department of Health and Human Services:</b>				
Passed Through Central Mississippi Planning and Development District:				
Aging Cluster:				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	N/A	-	1,321
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	N/A	-	142,100
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	N/A	-	36,313
Total Special Programs for the Aging, Title III, Part C, Nutrition Services			-	178,413
Total Aging Cluster			-	179,734
Low-Income Home Energy Assistance	93.568	660L191LL	-	245,806
Low-Income Home Energy Assistance	93.568	660L201LL	-	1,593,490
COVID-19 Low-Income Home Energy Assistance	93.568		-	20,000
Total Low-Income Home Energy Assistance			-	1,859,296

See accompanying notes to schedule of expenditures of federal awards.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed to Sub- Recipients	Federal Expenditures
<b>Department of Health and Human Services (Continued):</b>				
Community Services Block Grant	93.569	660N191NN	-	268,330
Community Services Block Grant	93.569	660N201NN	-	488,140
Total Community Services Block Grant			-	756,470
Direct Program:				
Head Start	93.600	04CH010425-05	-	9,606,668
Head Start	93.600	04CH010425-04	-	4,463,729
COVID-19 Head Start	93.600	04CH010425-05	-	1,703,129
Total Head Start			-	15,773,526
<b>Total Department of Health and Human Services</b>			-	18,569,026
<b>Total Federal Expenditures</b>			\$ -	<b>\$19,722,242</b>

See accompanying notes to schedule of expenditures of federal awards.

HINDS COUNTY HUMAN RESOURCE AGENCY  
Notes to Schedule of Expenditures of Federal Awards

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Hinds County Human Resource Agency under programs of the federal government for the year ended September 30, 2020. 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 Hinds County Human Resource Agency, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Hinds County Human Resource Agency.

**Note 2: Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited to reimbursement.

Pass-through grantor identifying numbers are presented where available.

**Note 3: Indirect Cost**

Hinds County Human Resource Agency, Inc. utilizes a final indirect cost rate as defined by 2 CFR Part 200, Appendix IV.



**WATKINS, WARD and STAFFORD**  
Professional Limited Liability Company  
Certified Public Accountants

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Michael W. McCully, CPA  
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Jerry L. Gammel, CPA  
Michael C. Knox, CPA  
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Edward A. Maxwell, CPA

**Independent Auditors’ 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  
Hinds County Human Resource Agency  
Jackson, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Hinds County Human Resource Agency (a nonprofit organization), which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated June 28, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Hinds County Human Resource 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 our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hinds County Human Resource Agency’s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Hinds County Human Resource Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Houston, Mississippi  
June 28, 2021

*Watkins Ward and Stafford, PLLC*



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Certified Public Accountants

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**Independent Auditors’ Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance**

Board of Directors  
Hinds County Human Resource Agency  
Jackson, Mississippi

**Report on Compliance for Each Major Federal Program**

We have audited Hinds County Human Resource Agency’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Hinds County Human Resource Agency’s major federal programs for the year ended September 30, 2020. Hinds County Human Resource Agency’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

**Management’s Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors’ Responsibility**

Our responsibility is to express an opinion on compliance for each of Hinds County Human Resource Agency’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Hinds County Human Resource Agency’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Hinds County Human Resource Agency's compliance.

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

In our opinion, Hinds County Human Resource 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 September 30, 2020.

### **Report on Internal Control Over Compliance**

Management of Hinds County Human Resource Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Hinds County Human Resource Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hinds County Human Resource Agency's 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Houston, Mississippi  
June 28, 2021

*Watkins Ward and Stafford, P.C.*

HINDS COUNTY HUMAN RESOURCE AGENCY  
Summary Schedule of Prior Audit Findings  
Year Ended September 30, 2020

In connection with our audit of the financial statements of Hinds County Human Resource Agency, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the status of all prior year audit findings must be reported. Hinds County Human Resource Agency did not have any prior year audit findings.

HINDS COUNTY HUMAN RESOURCE AGENCY  
 Schedule of Findings and Questioned Cost  
 Year Ended September 30, 2020

Section I: Summary of Auditors' Results

Financial Statements:

- |   |               |
|---|---------------|
| 1. Type of auditor's report issued:                               | Unmodified    |
| 2. Internal control over financial reporting:                     |               |
| a. Material weakness(es) identified? (Yes/No)                     | No            |
| b. Significant deficiency(ies) identified? (Yes/None reported)    | None reported |
| 3. Noncompliance material to financial statements noted? (Yes/No) | No            |

Federal Awards:

- |  |               |
|--|---------------|
| 4. Internal control over major programs:   |               |
| a. Material weakness(es) identified? (Yes/No)  | No            |
| b. Significant deficiency(ies) identified? (Yes/None reported)   | None reported |
| 5. Type of auditor's report issued on compliance for major programs:   | Unmodified    |
| 6. Any audit findings disclosed that are required to be reported in accordance<br>accordance with 2 CFR section 200.515 (Yes/No) | No            |

7. Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.600	Head Start
93.568	Low-Income Home Energy Assistance Program

- |   |            |
|---|------------|
| 8. Dollar threshold used to distinguish between type A and type B programs: | \$ 750,000 |
| 9. Auditee qualified as low-risk auditee? (Yes/No)                          | Yes        |

HINDS COUNTY HUMAN RESOURCE AGENCY  
Schedule of Findings and Questioned Cost  
Year Ended September 30, 2020

Section II: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements.

Section III: Federal Award Findings and Questioned Cost

The results of our tests did not disclose any findings related to federal awards.