

**Thames Valley Council for
Community Action, Inc. and Subsidiary**

**Consolidated Financial Statements, Federal Awards
in Accordance with the Uniform Guidance,
State Financial Assistance in Accordance
with the State Single Audit Act
(With Supplementary Information)
and Independent Auditor's Reports**

March 31, 2025 and 2024



Thames Valley Council for Community Action, Inc. and Subsidiary

Index

	<u>Page</u>
Independent Auditor's Report	2
Consolidated Financial Statements	
Consolidated Statements of Financial Position	5
Consolidated Statements of Activities and Changes in Net Assets	6
Consolidated Statements of Functional Expenses	8
Consolidated Statements of Cash Flows	10
Notes to Consolidated Financial Statements	11
Supplementary Information	
Schedule 1 - Statement of Financial Position Information	23
Schedule 2 - Statement of Activities Information	24
Schedule 3 - Statement of Cash Flows Information	25
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>	26
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	28
Schedule of Expenditures of Federal Awards	32
Notes to Schedule of Expenditures of Federal Awards	35
Schedule of Findings and Questioned Costs	36
Independent Auditor's Report on Compliance for Each Major State Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act	42
Schedule of Expenditures of State Financial Assistance	46
Note to Schedule of Expenditures of State Financial Assistance	47
Schedule of Findings and Questioned Costs	48

Independent Auditor's Report

To the Board of Trustees
Thames Valley Council for Community Action, Inc. and Subsidiary

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Thames Valley Council for Community Action, Inc. and Subsidiary, which comprise the consolidated statements of financial position as of March 31, 2025 and 2024, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Thames Valley Council for Community Action, Inc. and Subsidiary as of March 31, 2025 and 2024, 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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Thames Valley Council for Community Action, Inc. and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The financial statements of TVCCA Information Systems, LLC were not audited in accordance with *Governmental Auditing Standards*.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Thames Valley Council for Community Action, Inc. and Subsidiary's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 our 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Thames Valley Council for Community Action, Inc. and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Thames Valley Council for Community Action, Inc. and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audits.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Connecticut State Single Audit Act, and Schedules 1 through 3 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated 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 November 26, 2025, on our consideration of Thames Valley Council for Community Action, Inc. and Subsidiary'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 Thames Valley Council for Community Action, Inc. and Subsidiary'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 Thames Valley Council for Community Action, Inc. and Subsidiary's internal control over financial reporting and compliance.



Hartford, Connecticut
November 26, 2025

Thames Valley Council for Community Action, Inc. and Subsidiary

**Consolidated Statements of Financial Position
March 31, 2025 and 2024**

<u>Assets</u>		
	2025	2024
Current assets		
Cash and cash equivalents	\$ 5,771,787	\$ 5,526,863
Receivables		
Grants and contracts	2,883,443	4,425,184
Other	151,145	265,298
Other current assets	280,586	275,151
Total current assets	9,086,961	10,492,496
Property, plant and equipment	4,368,097	4,368,013
Other assets		
Restricted cash equivalents	140,750	133,105
Total assets	\$ 13,595,808	\$ 14,993,614
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 2,872,063	\$ 4,362,791
Current portion of long-term debt	283,797	274,093
Refundable advances	3,288,333	2,362,835
Total current liabilities	6,444,193	6,999,719
Long-term liabilities		
Long-term debt, less current portion	2,674,675	2,958,471
Total liabilities	9,118,868	9,958,190
Commitments and contingencies		
Net assets		
Without donor restrictions	3,133,923	3,831,809
With donor restrictions	1,343,017	1,203,615
Total net assets	4,476,940	5,035,424
Total liabilities and net assets	\$ 13,595,808	\$ 14,993,614

See Notes to Consolidated Financial Statements.

Thames Valley Council for Community Action, Inc. and Subsidiary

Consolidated Statement of Activities and Changes in Net Assets
Year Ended March 31, 2025

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Support and revenue			
Federal and state grants and contracts	\$ 36,178,955	\$ -	\$ 36,178,955
Local and other grants and contributions	690,443	150,633	841,076
Program and other income	2,097,709	-	2,097,709
Contributed goods and services	253,418	-	253,418
Debt service paid on behalf of TVCCA by the State of Connecticut	356,844	-	356,844
Net assets released from restrictions	11,231	(11,231)	-
	<u>39,588,600</u>	<u>139,402</u>	<u>39,728,002</u>
Total support and revenue			
Expenses			
Program services			
Children services	17,571,937	-	17,571,937
Energy-related services	11,940,770	-	11,940,770
Elderly services	3,848,580	-	3,848,580
Employment and training services	2,426,356	-	2,426,356
Housing and shelter services	2,472,567	-	2,472,567
Other community services	547,703	-	547,703
	<u>38,807,913</u>	<u>-</u>	<u>38,807,913</u>
Total program			
Management and general	1,478,573	-	1,478,573
	<u>40,286,486</u>	<u>-</u>	<u>40,286,486</u>
Total expenses			
Change in net assets	(697,886)	139,402	(558,484)
Net assets, beginning	3,831,809	1,203,615	5,035,424
Net assets, end	<u>\$ 3,133,923</u>	<u>\$ 1,343,017</u>	<u>\$ 4,476,940</u>

See Notes to Consolidated Financial Statements.

Thames Valley Council for Community Action, Inc. and Subsidiary

**Consolidated Statement of Activities and Changes in Net Assets
Year Ended March 31, 2024**

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Revenues and support			
Federal and state grants and contracts	\$ 37,072,134	\$ -	\$ 37,072,134
Local and other grants and contributions	888,928	8,885	897,813
Program and other income	2,214,605	-	2,214,605
Contributed goods and services	214,116	-	214,116
Debt service paid on behalf of TVCCA by the State of Connecticut	347,797	-	347,797
Net assets released from restrictions	184,475	(184,475)	-
	<u>40,922,055</u>	<u>(175,590)</u>	<u>40,746,465</u>
Total revenues			
Expenses			
Program services			
Children services	15,885,301	-	15,885,301
Energy-related services	13,094,453	-	13,094,453
Elderly services	4,160,222	-	4,160,222
Employment and training services	2,089,233	-	2,089,233
Housing and shelter services	3,357,581	-	3,357,581
Other community services	1,432,293	-	1,432,293
	<u>40,019,083</u>	<u>-</u>	<u>40,019,083</u>
Total program			
Management and general	1,124,193	-	1,124,193
	<u>41,143,276</u>	<u>-</u>	<u>41,143,276</u>
Total expenses			
Change in net assets	(221,221)	(175,590)	(396,811)
Net assets, beginning	<u>4,053,030</u>	<u>1,379,205</u>	<u>5,432,235</u>
Net assets, end	<u>\$ 3,831,809</u>	<u>\$ 1,203,615</u>	<u>\$ 5,035,424</u>

See Notes to Consolidated Financial Statements.

Thames Valley Council for Community Action, Inc. and Subsidiary

**Consolidated Statement of Functional Expenses
Year Ended March 31, 2025**

	Program services						Supporting services		
	Children services	Energy-related services	Elderly services	Employment and training services	Housing and shelter services	Other community services	Total	Management and general	Total
Salaries and benefits	\$ 9,274,723	\$ 743,125	\$ 1,620,907	\$ 1,826,068	\$ 862,937	\$ 373,913	\$ 14,701,673	\$ 2,900,034	\$ 17,601,707
Client assistance	80,339	10,642,398	1,337,396	27,787	898,959	65,768	13,052,647	10,068	13,062,715
Contractual services	4,064,686	-	-	-	333,172	-	4,397,858	69,889	4,467,747
Materials and supplies	554,770	28,988	92,300	43,887	46,834	13,371	780,150	344,861	1,125,011
Depreciation	410,345	11,120	45,916	27,330	12,920	5,600	513,231	45,787	559,018
Administrative and general	290,591	26,470	64,653	14,048	20,058	4,572	420,392	240,190	660,582
Repairs and maintenance	165,396	11,276	121,113	110	13,229	5,927	317,051	500,248	817,299
Contributed goods and services	247,866	-	5,552	-	-	-	253,418	-	253,418
Other expenses	262,514	308,253	20,888	91,474	74,789	14,638	772,556	115,463	888,019
Interest	68,912	-	-	-	-	-	68,912	12,943	81,855
Travel and transportation	66,725	3,252	108,164	9,118	13,506	2,227	202,992	16,526	219,518
Utilities	129,464	1,767	46,389	-	-	692	178,312	17,657	195,969
Insurance	86,966	4,323	49,370	2,865	5,305	11,875	160,704	192,924	353,628
Allocation of management and general to program services	1,868,640	159,798	335,932	383,669	190,858	49,120	2,988,017	(2,988,017)	-
	<u>\$ 17,571,937</u>	<u>\$ 11,940,770</u>	<u>\$ 3,848,580</u>	<u>\$ 2,426,356</u>	<u>\$ 2,472,567</u>	<u>\$ 547,703</u>	<u>\$ 38,807,913</u>	<u>\$ 1,478,573</u>	<u>\$ 40,286,486</u>

See Notes to Consolidated Financial Statements.

Thames Valley Council for Community Action, Inc. and Subsidiary

**Consolidated Statement of Functional Expenses
Year Ended March 31, 2024**

	Program services						Total	Supporting services	Total
	Children services	Energy-related services	Elderly services	Employment and training services	Housing and shelter services	Other community services		Management and general	
Salaries and benefits	\$ 8,175,013	\$ 759,251	\$ 1,635,407	\$ 1,475,529	\$ 811,574	\$ 1,071,975	\$ 13,928,749	\$ 2,719,729	\$ 16,648,478
Client assistance	37,053	11,623,203	1,416,068	27,328	929,940	134,936	14,168,528	17,789	14,186,317
Contractual services	3,693,978	-	-	-	1,181,294	750	4,876,022	83,445	4,959,467
Materials and supplies	379,143	94,105	241,689	57,324	23,394	32,262	827,917	(22,199)	805,718
Depreciation and amortization	418,813	13,010	49,686	25,290	13,910	18,370	539,079	46,634	585,713
Administrative and general	236,730	53,203	68,065	14,696	21,176	19,160	413,030	234,541	647,571
Repairs and maintenance	473,172	11,934	101,977	-	13,764	3,536	604,383	438,768	1,043,151
Contributed goods and services	201,666	-	22,933	-	-	-	224,599	-	224,599
Other expenses	297,378	366,863	106,166	235,829	84,250	8,063	1,098,549	216,630	1,315,179
Interest	82,560	-	-	-	-	-	82,560	17,119	99,679
Travel and transportation	42,650	4,351	121,171	4,745	14,506	15,296	202,719	18,487	221,206
Utilities	133,601	1,719	43,864	-	-	401	179,585	18,584	198,169
Insurance	48,473	2,259	40,347	1,498	2,772	1,999	97,348	110,681	208,029
Allocation of management and general to program services	1,665,071	164,555	312,849	246,994	261,001	125,545	2,776,015	(2,776,015)	-
	<u>\$ 15,885,301</u>	<u>\$ 13,094,453</u>	<u>\$ 4,160,222</u>	<u>\$ 2,089,233</u>	<u>\$ 3,357,581</u>	<u>\$ 1,432,293</u>	<u>\$ 40,019,083</u>	<u>\$ 1,124,193</u>	<u>\$ 41,143,276</u>

See Notes to Consolidated Financial Statements.

Thames Valley Council for Community Action, Inc. and Subsidiary

Consolidated Statements of Cash Flows
Years Ended March 31, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Changes in net assets	\$ (558,484)	\$ (396,811)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	559,018	585,713
Principal reduction on long-term debt	(237,526)	(216,889)
Changes in operating assets and liabilities		
Grants and contracts receivable	1,541,741	(1,945,371)
Other receivables	114,153	14,522
Other current assets	(5,435)	45,476
Accounts payable and accrued expenses	(1,490,728)	1,893,252
Refundable advances	925,498	499,229
	<u>848,237</u>	<u>479,121</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchases of property plant and equipment	(559,102)	(308,234)
Net cash used in investing activities	<u>(559,102)</u>	<u>(308,234)</u>
Cash flows from financing activities		
Principal repayments on long-term debt	(36,566)	(48,687)
Net increase in cash, cash equivalents and restricted cash	252,569	122,200
Cash, cash equivalents and restricted cash, beginning	5,659,968	5,537,768
Cash, cash equivalents and restricted cash, end	\$ 5,912,537	\$ 5,659,968
Supplemental disclosure of cash flow information		
Interest paid	\$ 22,432	\$ 24,285
Non-cash financing transactions		
On-behalf payments for interest	\$ 117,700	\$ 130,908

See Notes to Consolidated Financial Statements.

Thames Valley Council for Community Action, Inc. and Subsidiary

Notes to Consolidated Financial Statements March 31, 2025 and 2024

Note 1 - Principles of consolidation

Reporting entity

Thames Valley Council for Community Action, Inc. (the "Council") was established in 1965 as Southeastern Connecticut's community action agency. The Council provides a wide range of services to disadvantaged and at-risk clients, including Head Start, daycare, energy assistance, senior nutrition, housing and shelter services and various others. Support and revenue consists of federal, state and local government grants, individual, corporate and foundation contributions, and participant fees received in the operation of certain programs.

The Council's subsidiary, TVCCA Information Systems, LLC (the "LLC"), is a limited liability company organized in October 2007 for the purpose of developing energy and case management software to other nonprofit organizations. The Council is the sole member of the LLC.

The accompanying consolidated financial statements include the accounts of the Council and the LLC (collectively referred to as "TVCCA"). All significant intercompany balances and transactions have been eliminated.

Note 2 - Significant accounting policies

Basis of accounting

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the consolidated financial statements. Actual results could differ from those estimates.

Cash equivalents

For purposes of the consolidated statements of cash flows, TVCCA considers all highly-liquid investments with an original maturity of three months or less to be cash equivalents.

Restricted cash

Certain amounts have been deposited into escrow accounts under terms of the CHEFA mortgage financing. Such funds are restricted for allowable purposes related to repairs and renovations of CHEFA financed child daycare facilities. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated statements of financial position that summarized the total of such amounts shown in the consolidated statements of cash flows:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 5,771,787	\$ 5,526,863
Restricted cash equivalents	<u>140,750</u>	<u>133,105</u>
Total	<u>\$ 5,912,537</u>	<u>\$ 5,659,968</u>

Thames Valley Council for Community Action, Inc. and Subsidiary

**Notes to Consolidated Financial Statements
March 31, 2025 and 2024**

Receivables

TVCCA sells services for various programs such as daycare and energy assistance. TVCCA has tracked historical loss information for its trade receivables and compiled historical credit loss percentages for different aging categories (current, 1-30 days past due, 61-90 days past due, and more than 90 days past due).

Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses on trade receivables held at March 31, 2025, because the composition of the trade receivables at that date is consistent with that used in developing the historical credit loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time). Management developed this estimate based on its knowledge of past experience. As a result management applied the applicable updated credit loss rates to determine the expected credit loss estimate aging category. Accordingly, there was no allowance for expected credit losses related to accounts receivable at March 31, 2025 and 2024.

Property, plant and equipment

Property, plant and equipment acquisitions and improvements thereon individually exceeding \$5,000 are capitalized at cost and depreciated on a straight-line basis over estimated service lives ranging from five to 30 years. Maintenance and repairs are charged to expense as incurred.

Funding sources retain a reversionary right to certain property acquired with grant funds. No significant grant programs ended during the years ended March 31, 2025 or 2024 that would require disposition of such property in accordance with applicable grant requirements.

Net asset categories

To ensure observance of limitations and restrictions placed on the use of resources available to TVCCA, the accounts of TVCCA are maintained in the following net asset categories:

Net assets without donor restrictions - Net assets without donor restrictions are available for use at the discretion of the Board of Trustees and/or management for general operating purposes. From time to time, the Board of Trustees may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion. No amounts have been designated by the Board of Trustees as of March 31, 2025 and 2024.

Net assets with donor restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. See Note 7 for more detail on TVCCA's net assets with donor restrictions.

Revenue recognition

Grants and contracts - TVCCA receives a substantial portion of its revenue from grants and contracts executed with federal and state agencies. Revenue from grants and contracts with resource providers such as the government and its agencies, other organizations and private foundations is accounted for either as exchange transactions or as contributions. When the resource provider receives commensurate value in return for the resources transferred to TVCCA, the revenue from the grant or contract is accounted for as an exchange transaction. For purposes of determining whether a transfer of asset is a contribution or an exchange transaction, TVCCA deems that the resource provider is not synonymous with the general public, i.e., indirect benefit received by the public as a result of the assets transferred is not deemed equivalent to commensurate value received by the resource provider. Moreover, the execution of a resource

Thames Valley Council for Community Action, Inc. and Subsidiary

**Notes to Consolidated Financial Statements
March 31, 2025 and 2024**

provider's mission or the positive sentiment from acting as a donor is not deemed to constitute commensurate value received by a resource provider. Revenue from grants and contracts that are accounted for as exchange transactions is based on the expenditure of funds in accordance with grant and contract restrictions and, therefore, revenue is recognized to the extent of the attainment of specific performance goals and, as a result, revenue is recognized to the extent of performance achieved. Cash received in excess of revenue recognized is recorded as deferred revenue for exchange transactions and refundable advances for contributions.

Contributions - Transactions where the resource provider often receives value indirectly by providing a societal benefit, although the societal benefit is not considered to be of commensurate value, are deemed to be contributions. Contributions are classified as either conditional or unconditional. A conditional contribution is a transaction where TVCCA has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if TVCCA fails to overcome the barrier. TVCCA recognizes the contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as a refundable advance.

Unconditional contributions are recognized as revenue and receivable when the commitment of a contribution is received. Conditional and unconditional contributions are recorded as either with donor restriction or without donor restriction. Contributions are recognized as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. Contributions received with no donor stipulations are recorded as contributions without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the consolidated statement of activities and changes in net assets as net assets released from restriction. Donor-restricted contributions whose conditions and restrictions expire during the same fiscal year are recognized as contributions without donor restrictions.

Contributed services - TVCCA recognizes contributed services if they create or enhance nonfinancial assets or require specialized skills and would typically be purchased if not provided by donation. General volunteer services do not meet the criteria for recognition in the consolidated financial statements. However, a substantial number of volunteers have donated significant amounts of time to TVCCA's programs.

Program fees - Program service fees consist primarily of daycare and school readiness fees from program participants in southeast Connecticut. The fees are recognized at a point in time as revenue when the services are performed. Program service fees received in advance of the applicable program period are presented as deferred revenue. Payments are due weekly.

The opening and ending balances of customer contract related amounts were as follows as of March 31, 2025, 2024, and 2023:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Accounts receivable	<u>\$ 151,145</u>	<u>\$ 265,298</u>	<u>\$ 279,820</u>

Thames Valley Council for Community Action, Inc. and Subsidiary

Notes to Consolidated Financial Statements March 31, 2025 and 2024

Debt paid on-behalf of TVCCA by the State of Connecticut - As described more fully in Note 6, the State of Connecticut Office of Early Childhood ("OEC") has agreed to pay a percentage of the qualifying debt service required by TVCCA's mortgage loan agreements executed with the State of Connecticut Health and Educational Facilities Authority ("CHEFA"). TVCCA recognizes revenue for debt service paid on-behalf of TVCCA when the amounts are actually paid by the State of Connecticut.

Income taxes

TVCCA is incorporated as a not-for-profit entity and is exempt from federal income tax under the provisions of the Internal Revenue Code Section 501(c)(3).

The LLC reports all of its activities, including any unrelated business income, on TVCCA's federal and state information returns. Management has analyzed the tax positions taken by TVCCA and has concluded that, as of March 31, 2025, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements. TVCCA's federal and state information returns prior to fiscal year 2021 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If applicable, TVCCA will recognize interest and penalties associated with uncertain tax provisions as part of the income tax provision and includes accrued interest and penalties with the related tax liability in the in the consolidated statements of financial position. No provisions for unrelated business income taxes was recorded for the years ended March 31, 2025 and 2024.

Expenses by function

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other which are allocated on the basis of estimates of time and effort. Expenses incurred for various education programs are allocated based on classroom size.

Subsequent events

Subsequent events were evaluated through November 26, 2025, which is the date the consolidated financial statements were available to be issued.

Thames Valley Council for Community Action, Inc. and Subsidiary

**Notes to Consolidated Financial Statements
March 31, 2025 and 2024**

Note 3 - Liquidity and availability of resources

The following table reflects TVCCA's financial assets as of March 31, 2025 and 2024, reduced by amounts not available for general expenditure within one year or have a restricted purpose:

	2025	2024
Current assets, excluding nonfinancial assets at year-end		
Cash and cash equivalents	\$ 5,771,787	\$ 5,526,863
Receivables		
Grants and contracts	2,883,443	4,425,184
Other	151,145	265,298
	8,806,375	10,217,345
Adjustments		
Less amounts not available to be used within one year		
Net assets with program restrictions not expected to be released within one year	(1,343,017)	(1,203,615)
Financial assets available to meet cash needs for general expenditures within one year	\$ 7,463,358	\$ 9,013,730

TVCCA's revenues are primarily derived by federal and state grants. TVCCA has a policy to structure grant drawdowns as its general expenditures, liabilities, and other obligations come due. In addition, TVCCA maintains a line of credit of \$400,000 with a bank that could be drawn upon as needed during the year to further manage cash flows. Financial assets are considered unavailable when illiquid or not convertible to cash within one year or because the governing board has set aside the funds for a specific contingency reserve.

Note 4 - Concentrations

Concentrations of credit risk

TVCCA's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and receivables.

Cash and cash equivalents - TVCCA places its cash and cash equivalents with highly rated financial institutions, which are continually reviewed by management for financial stability. Generally, TVCCA's cash and cash equivalents in interest-bearing accounts exceeds financial depository insurance limits. At March 31, 2025, balances in excess of FDIC insurance were approximately \$5 million. However, TVCCA has not experienced any losses in such accounts and believes that its cash and cash equivalents are not exposed to significant credit risk.

Support and revenue concentrations

TVCCA receives a significant portion of its grants and contracts from the U.S. Department of Health and Human Services, the State of Connecticut, and certain nonprofit pass-through agencies. As with all governmental funding, these grants and contracts are subject to reduction or termination in future years. Any significant reduction in these grants and contracts could have a negative impact on TVCCA's program services.

Thames Valley Council for Community Action, Inc. and Subsidiary

**Notes to Consolidated Financial Statements
March 31, 2025 and 2024**

Note 5 - Property, plant and equipment

A summary of property, plant and equipment is as follows:

	2025	2024
Land	\$ 212,500	\$ 212,500
Buildings and improvements	11,278,986	11,218,446
Leasehold improvements	535,225	374,483
Vehicles	760,472	682,552
Appliances	457,557	457,557
Computer equipment	535,868	535,868
Telephone equipment	358,589	358,589
Furniture and fixtures	524,645	382,145
Office equipment	9,787	9,787
	14,673,629	14,231,927
Less accumulated depreciation	10,305,532	9,863,914
Net property and equipment	\$ 4,368,097	\$ 4,368,013

Depreciation and amortization expense for property, plant and equipment totaled \$559,018 and \$585,713 for the years ended March 31, 2025 and 2024, respectively.

Note 6 - Debt

A summary of debt is as follows:

	2025	2024
CHEFA mortgage notes payable		
Taftville facility	\$ 871,650	\$ 971,504
Windham facility	229,473	277,656
Vernon facility	127,349	163,404
New London facility	1,730,000	1,820,000
	2,958,472	3,232,564
Less current portion	283,797	274,093
Long-term portion	\$ 2,674,675	\$ 2,958,471

Thames Valley Council for Community Action, Inc. and Subsidiary

**Notes to Consolidated Financial Statements
March 31, 2025 and 2024**

CHEFA mortgage notes payable

Taftville facility

In April 2001, TVCCA entered into a Loan Agreement and Open-End Mortgage (collectively, the "Taftville Agreements") with CHEFA to finance the construction of a qualifying child care facility through CHEFA's sale of \$3,865,000 Child Care Facilities Series E Revenue Bonds (the "Series E Bonds"). TVCCA's share of the Series E Bond proceeds totaled \$2,745,000 or 72.3% of total Series E Bond proceeds. Payments by TVCCA are based on interest costs and principal payments on 72.3% of the Series E Bonds, amounts required to establish and maintain trust funds required under the Taftville Agreements, annual fees and certain expenses of CHEFA. TVCCA also pays the cost of insuring the property and of operation and maintenance. Interest is payable semi-annually 5.0% with principal payable in various installments through July 2031.

Windham facility

In January 2003, TVCCA entered into a Loan Agreement and Open-End Mortgage (collectively, the "Windham Agreements") with CHEFA in connection with the assumption of CHEFA mortgage financing and acquisition of related real property, consisting of a qualifying child care facility, previously held by an unrelated entity. The qualifying child care facility acquired was constructed through CHEFA's sale of Child Care Facilities Series A Revenue Bonds (the "Series A Bonds"). Payments by TVCCA are based on interest costs and principal payments on the Series A Bonds, amounts required to establish and maintain trust funds required under the Windham Agreements, annual fees and certain expenses of CHEFA. TVCCA also pays the cost of insuring the property and of operation and maintenance. Interest is payable semi-annually at 5.0% with principal payable in various installments through July 2028.

Vernon facility

In January 2003, TVCCA entered into a Loan Agreement and Open-End Mortgage (collectively, the "Vernon Agreements") with CHEFA in connection with the assumption of CHEFA mortgage financing and acquisition of related real property, consisting of a qualifying child care facility, previously held by an unrelated entity. The qualifying child care facility acquired was constructed through CHEFA's sale of Child Care Facilities Series A and B Revenue Bonds (the "Series A and B Bonds"). Payments by TVCCA are based on interest costs and principal payments on the Series A and B Bonds, amounts required to establish and maintain trust funds required under the Vernon Agreements, annual fees and certain expenses of CHEFA. TVCCA also pays the cost of insuring the property and of operation and maintenance. Interest is payable semi-annually at 5.0% with principal payable in various installments through July 2028.

New London facility

In October 2008, TVCCA entered into a Loan Agreement and Open-End Mortgage (collectively, the "New London Agreements") with CHEFA to finance the construction of a qualifying child care facility through CHEFA's sale of \$16,875,000 Child Care Facilities Series G Revenue Bonds (the "Series G Bonds"). TVCCA's share of the Series G Bonds proceeds totaled \$2,465,000 or 14.6% of total Series G Bonds proceeds. Payments by TVCCA are based on interest costs and principal payments on 14.6% of the Series G Bonds, amounts required to establish and maintain trust funds required under the New London Agreements, annual fees and certain expenses of CHEFA. TVCCA also pays the cost of insuring the property and of operation and maintenance. Interest is payable semi-annually at rates ranging from 1.5% to 5.0% with principal payable in various installments through July 2038.

Thames Valley Council for Community Action, Inc. and Subsidiary

**Notes to Consolidated Financial Statements
March 31, 2025 and 2024**

CHEFA refinancing

During April 2015, CHEFA refinanced approximately \$2.3 million of Child Care Facilities Series G bonds relating to the New London facility through the issuance of State Supported Child Care Revenue Bonds, Series 2015 (the "Series 2015 Bonds"). TVCCA's share of the Series 2015 Bonds totaled \$2,465,000 or 7.4% of total Series 2015 Bonds proceeds, resulting in an overall increase in principal owed by TVCCA of \$195,000. Payments by TVCCA are based on interest costs and principal payments on 7.4% of the Series 2015 Bonds, amounts required to establish and maintain trust funds required under the New London Agreements, annual fees and certain expenses of CHEFA. TVCCA is also responsible for the cost of insuring the properties and of operation and maintenance. The refinanced loan requires interest payable in semi-annual payments at rates ranging from 1.5% to 5.0%, with principal payable in various installments through July 2038.

During June 2021, CHEFA refinanced approximately \$2.2 million of Child Care Facilities bonds including the Taftville Series E bonds, Windham Series A bonds and Vernon Series A&B bonds through the issuance of State Supported Childcare Revenue Series 2021 bonds. TVCCA's share of the Series 2021 bonds is approximately \$1.9 million or 14% of the total Series 2021 bond proceeds, resulting in an overall decrease in principal owed by TVCCA of approximately \$300,000. Payments by TVCCA are based on interest costs and principal payments on 14% of the Series 2021 bonds, amounts required to establish and maintain trust funds required under the Taftville, Windham, and Vernon agreements, annual fees and certain expenses of CHEFA. TVCCA is also responsible for the cost of insuring the properties and of operation and maintenance. The refinanced loans require interest payable in semi-annual payments at 5%, with principal payable in various installments for the debt maturing throughout the original life of the bonds.

Each of the CHEFA mortgages provide, among other things, that principal and interest on the mortgage loans are payable by TVCCA, which is obligated to make such payments so long as the applicable bonds are outstanding. The underlying collateral of the mortgage loans is the buildings constructed with bond proceeds. As additional collateral, TVCCA has pledged the gross receipts of each qualifying child care facility to CHEFA. Additionally, TVCCA is subject to certain financial and nonfinancial covenants, noncompliance with which may be considered to be an event of default and could provide CHEFA with the right to demand repayment currently. For the years ended March 31, 2025 and 2024, TVCCA was in compliance with these covenants.

In connection with the State of Connecticut's school readiness initiative, the State of Connecticut Office of Early Childhood ("OEC") has agreed to pay a portion of qualifying debt service payments. The OEC has agreed to pay 91.5% of the qualifying debt service of the Taftville facility mortgage loan, 94.9% of the qualifying debt service of the Windham facility mortgage loan (90.0% prior to the June 2021 refunding), 85.6% of the qualifying debt service of the Vernon facility mortgage loan (81.9% prior to the June 2021 refunding), and 77.3% of the qualifying debt service of the New London facility mortgage loan. Principal and interest payments made by the OEC on behalf of TVCCA totaled \$239,144 and \$117,700 for the year ended March 31, 2025, respectively, and \$216,889 and \$130,908 for the year ended March 31, 2024, respectively.

Thames Valley Council for Community Action, Inc. and Subsidiary

**Notes to Consolidated Financial Statements
March 31, 2025 and 2024**

Aggregate principal maturities of all mortgage notes payable in subsequent years are as follows:

Year ending March 31,		
2026	\$	283,797
2027		298,987
2028		309,687
2029		322,296
2030		241,556
Thereafter		<u>1,502,149</u>
	<u>\$</u>	<u>2,958,472</u>

Line of credit

As of March 31, 2025 and 2024, TVCCA has available a \$400,000 line of credit that is due on demand with an adjustable interest rate (8.5% at March 31, 2023). The line expires December 1, 2025 and is renewable annually. No borrowings were outstanding against the line as of March 31, 2025 and 2024.

Note 7 - Net assets with donor restrictions

Net assets with donor restrictions are restricted for the following purposes at March 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Housing and shelter services	\$ 711,682	\$ 575,891
Elderly services	285,535	283,337
Other community services	220,999	221,089
Children services	98,452	96,949
Employment and training services	<u>26,349</u>	<u>26,349</u>
	<u>\$ 1,343,017</u>	<u>\$ 1,203,615</u>

Net assets with donor restrictions in the amount of \$11,231 and \$184,475 were released from restriction during the years ended March 31, 2025 and 2024, respectively, by satisfying purpose and time restrictions.

Note 8 - Conditional grants and contributions

TVCCA receives conditional grants from federal and state agencies. These grants are conditional and require TVCCA to meet the Uniform Guidance and Connecticut Single Audit Act requirements. TVCCA must return any funds received for which the conditions are not met. These funds are recorded as refundable advances on the consolidated statements of financial position.

At March 31, 2025, TVCCA had remaining available award balances on federal and state grants in the amount of received conditional grants in the amount of approximately \$74,800,000. In addition, TVCCA had conditional promises to give of approximately \$4,000,000 for COVID-19 expenses. The award balances will be recognized as revenue as the conditions are met.

Thames Valley Council for Community Action, Inc. and Subsidiary

**Notes to Consolidated Financial Statements
March 31, 2025 and 2024**

Note 9 - Noncash contributions

For the years ended March 31, 2025 and 2024, contributed nonfinancial assets recognized within the consolidated statements of activities and changes in net assets included:

	<u>Revenue recognized</u>	<u>Utilization in programs/activities</u>	<u>2024 donor restrictions</u>	<u>Valuation techniques and inputs</u>
Donated rent	\$ 231,815	Children Services & Elderly Services	None	Fair market value of the asset at the date of the donation as provided by funding source.
Donated materials	20,721	Children Services & Elderly Services	None	Fair market value of the asset at the date of the donation as provided by funding source.
Donated food	<u>882</u>	Children Services & Elderly Services	None	Fair market value of the asset at the date of the donation as provided by funding source.
Total	<u>\$ 253,418</u>			
	<u>Revenue recognized</u>	<u>Utilization in programs/activities</u>	<u>2023 donor restrictions</u>	<u>Valuation techniques and inputs</u>
Donated rent	\$ 198,273	Children Services & Elderly Services	None	Fair market value of the asset at the date of the donation as provided by funding source.
Donated materials	13,585	Children Services & Elderly Services	None	Fair market value of the asset at the date of the donation as provided by funding source.
Donated food	<u>2,258</u>	Children Services & Elderly Services	None	Fair market value of the asset at the date of the donation as provided by funding source.
Total	<u>\$ 214,116</u>			

Note 10 - Employee benefit plans

TVCCA maintains two defined contribution retirement plans: a Section 403(b) employee contribution plan and a Section 401(a) money purchase pension plan. All employees are eligible to make salary deferral contributions to the Section 403(b) employee contribution plan immediately following their date of hire. Employees must complete one year of service, as defined, to become eligible for any TVCCA matching contributions. Effective April 1, 2022, TVCCA made the decision to suspended all future contributions to the Section 401(a) money purchase pension plan.

Employees participating in the Section 403(b) employee contribution plan may elect to make salary deferral contributions to the plan based upon a percentage of their eligible compensation. The plan requires TVCCA to make matching contributions to the Section 403(b) employee contribution plan equal to 200% of each participant's contributions, provided that each participant's contributions to the plan are at least 5% of eligible compensation. Any employee contributions above 5% of compensation will not be eligible for a matching contribution. Employees are always 100% vested in their salary deferral contributions and become fully vested in any matching contributions after the completion of six years of service. Employer contributions totaled \$618,531 and \$622,595 for the years ended March 31, 2025 and 2024, respectively.

Thames Valley Council for Community Action, Inc. and Subsidiary

**Notes to Consolidated Financial Statements
March 31, 2025 and 2024**

Note 11 - Related party transactions

TVCCA operates as a sub grantee agency for certain programs administered by the Connecticut Association for Community Action, Inc. ("CAFCA"). TVCCA's Chief Executive Officer currently serves on CAFCA's Board of Directors. Grant and contract revenues recognized by TVCCA from CAFCA totaled \$174,211 and \$179,837 for the years ended March 31, 2025 and 2024, respectively. The amount due from CAFCA at March 31, 2025 and 2024 was \$10,298 and \$8,848, respectively.

The Chief Executive Officer also serves on the Eastern Connecticut Workforce Investment Board ("EWIB") which also provides grants to TVCCA. For the years ended March 31, 2025 and 2024, TVCCA recognized revenue of \$1,494,177 and \$1,065,346, respectively. The amounts due from EWIB at March 31, 2025 and 2024 were \$95,913 and \$123,579, respectively.

TVCCA holds several of their bank accounts at a bank for which a member of the Board of Trustees is a member of management. Cash and cash equivalents held at March 31, 2025 and 2024 were \$5,035,926 and \$5,165,264, respectively. During the year ended March 31, 2025, TVCCA also has a \$400,000 line of credit with the bank. No funds were drawn on the line at March 31, 2025.

Note 12 - Contingencies

TVCCA has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Management believes that such disallowances, if any, will not be material to the financial position of TVCCA.

Note 13 - Subsequent event

Subsequent to the end of the year, the Council experienced a security incident in which personally identifiable information of certain participants and employees was accessed, and possibly acquired, without authorization. The Council will continue to evaluate the information as it becomes known, regarding this incident. Management has not accrued any losses as of period end. Given general risks and uncertainties, it is reasonably possible that management's estimate may change in the next year and the effect could be material to the consolidated financial statements.

Supplementary Information

Thames Valley Council for Community Action, Inc. and Subsidiary

**Schedule 1 - Statement of Financial Position Information
March 31, 2025**

	CHEFA Finance Day Care Facility - Taftville	CHEFA Finance Day Care Facility - Windham	CHEFA Finance Day Care Facility - Vernon	CHEFA Finance Day Care Facility - New London	All Other Activities	Total
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 5,771,787	\$ 5,771,787
Grants and contracts receivables	159,432	-	-	228,866	2,495,145	2,883,443
Other receivables	-	-	-	-	151,145	151,145
Other current assets	-	-	-	-	280,586	280,586
Total current assets	159,432	-	-	228,866	8,698,663	9,086,961
PROPERTY, PLANT AND EQUIPMENT, NET	1,256,016	311,451	272,256	1,494,782	1,033,592	4,368,097
OTHER ASSETS						
Restricted cash equivalents	65,062	5,942	5,942	63,804	-	140,750
Due (to) from	(255,402)	783,678	(506,016)	(1,843,647)	1,821,387	-
Total other assets	(190,340)	789,620	(500,074)	(1,779,843)	1,821,387	140,750
Total assets	\$ 1,225,108	\$ 1,101,071	\$ (227,818)	\$ (56,195)	\$ 11,553,642	\$ 13,595,808
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts payable and accrued expenses	\$ 10,986	\$ 2,868	\$ 1,592	\$ 17,964	\$ 2,838,653	\$ 2,872,063
Current portion of long-term debt	105,097	52,842	30,858	95,000	-	283,797
Deferred grant and contract revenue	142,345	-	-	128,172	3,017,816	3,288,333
Total current liabilities	258,428	55,710	32,450	241,136	5,856,469	6,444,193
LONG-TERM LIABILITIES						
Long-term debt, less current portion	766,553	176,631	96,491	1,635,000	-	2,674,675
Total liabilities	1,024,981	232,341	128,941	1,876,136	5,856,469	9,118,868
NET ASSETS (DEFICIT)						
Net assets without donor restrictions	200,127	868,730	(356,759)	(1,932,331)	4,354,156	3,133,923
Net assets with donor restrictions	-	-	-	-	1,343,017	1,343,017
Total net assets (deficit)	200,127	868,730	(356,759)	(1,932,331)	5,697,173	4,476,940
Total liabilities and net assets	\$ 1,225,108	\$ 1,101,071	\$ (227,818)	\$ (56,195)	\$ 11,553,642	\$ 13,595,808

See Independent Auditor's Report.

Thames Valley Council for Community Action, Inc. and Subsidiary

**Schedule 2 - Statement of Activities Information
Year Ended March 31, 2025**

	<u>CHEFA Finance Day Care Facility - Taftville</u>	<u>CHEFA Finance Day Care Facility - Windham</u>	<u>CHEFA Finance Day Care Facility - Vernon</u>	<u>CHEFA Finance Day Care Facility - New London</u>	<u>All Other Activities</u>	<u>Total</u>
SUPPORT AND REVENUE						
Federal and state grants and contracts	\$ 2,565,473	\$ 3,104	\$ 6,239	\$ 2,493,702	\$ 31,110,437	\$ 36,178,955
Local and other grants and contribution	-	-	-	-	841,076	841,076
Program and other income	570,387	305,634	23,750	375,474	822,464	2,097,709
Contributed goods and services	-	-	-	-	253,418	253,418
Debt service paid on-behalf of TVCCA by the State of Connecticut	133,851	58,018	37,685	127,290	-	356,844
	<u>3,269,711</u>	<u>366,756</u>	<u>67,674</u>	<u>2,996,466</u>	<u>33,027,395</u>	<u>39,728,002</u>
Total support and revenue						
EXPENSES						
Salaries and benefits	2,256,079	-	-	2,154,321	13,191,307	17,601,707
Client assistance	213,859	-	-	206,821	12,642,035	13,062,715
Contractual services	6,075	-	-	31,876	4,429,796	4,467,747
Materials and supplies	198,541	15	71	86,891	839,493	1,125,011
Depreciation and amortization	104,075	49,574	37,555	82,703	285,111	559,018
Administrative and general	486,739	17,205	17,186	448,696	(309,244)	660,582
Repairs and maintenance	177,733	11,072	125,844	87,404	415,246	817,299
Contributed goods and services	-	-	-	-	253,418	253,418
Other expenses	51,128	228	81,128	48,944	706,591	888,019
Interest expense	46,079	12,678	7,269	74,106	(58,277)	81,855
Travel and transportation	6,989	-	-	10,226	202,303	219,518
Utilities	50,883	-	513	62,096	82,477	195,969
Insurance	20,554	15,933	12,593	22,634	281,914	353,628
	<u>3,618,734</u>	<u>106,705</u>	<u>282,159</u>	<u>3,316,718</u>	<u>32,962,170</u>	<u>40,286,486</u>
Total expenses						
Change in net assets	<u>(349,023)</u>	<u>260,051</u>	<u>(214,485)</u>	<u>(320,252)</u>	<u>65,225</u>	<u>(558,484)</u>
NET ASSETS, beginning of year	<u>549,150</u>	<u>608,679</u>	<u>(142,274)</u>	<u>(1,612,079)</u>	<u>5,631,948</u>	<u>5,035,424</u>
NET ASSETS, end of year	<u>\$ 200,127</u>	<u>\$ 868,730</u>	<u>\$ (356,759)</u>	<u>\$ (1,932,331)</u>	<u>\$ 5,697,173</u>	<u>\$ 4,476,940</u>

See Independent Auditor's Report.

Thames Valley Council for Community Action, Inc. and Subsidiary

**Schedule 3 - Statement of Cash Flows Information
Year Ended March 31, 2025**

	CHEFA Finance Day Care Facility - Taftville	CHEFA Finance Day Care Facility - Windham	CHEFA Finance Day Care Facility - Vernon	CHEFA Finance Day Care Facility - New London	All Other Activities	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Change in net assets	\$ (349,023)	\$ 260,051	\$ (214,485)	\$ (320,252)	\$ 65,225	\$ (558,484)
Adjustments to reconcile the change in net assets to net cash provided by operating activities:						
Depreciation and amortization	104,075	49,574	37,555	82,703	285,111	559,018
On-behalf principal repayments on long-term debt	(91,367)	(45,726)	(30,863)	(69,570)	-	(237,526)
Change in due (to) from	225,819	(260,328)	213,719	263,476	(442,686)	-
Changes in operating assets and liabilities						
Grants and contracts receivables	28,440	-	-	(15,567)	1,528,868	1,541,741
Other receivables	-	-	-	-	114,153	114,153
Other current assets	-	-	-	-	(5,435)	(5,435)
Accounts payable and accrued expenses	(1,159)	(831)	(450)	(1,125)	(1,487,163)	(1,490,728)
Deferred revenue	144,395	-	-	84,750	696,353	925,498
Net cash provided by operating activities	<u>61,180</u>	<u>2,740</u>	<u>5,476</u>	<u>24,415</u>	<u>754,426</u>	<u>848,237</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of property, plant and equipment	<u>(49,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(509,502)</u>	<u>(559,102)</u>
Net cash used in investing activities	<u>(49,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(509,502)</u>	<u>(559,102)</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
Principal repayments on long-term debt	<u>(8,486)</u>	<u>(2,457)</u>	<u>(5,193)</u>	<u>(20,430)</u>	<u>-</u>	<u>(36,566)</u>
Net cash used in financing activities	<u>(8,486)</u>	<u>(2,457)</u>	<u>(5,193)</u>	<u>(20,430)</u>	<u>-</u>	<u>(36,566)</u>
Net increase in cash, cash equivalents and restricted cash	3,094	283	283	3,985	244,924	252,569
Cash, cash equivalents and restricted cash, beginning of year	<u>61,968</u>	<u>5,659</u>	<u>5,659</u>	<u>59,819</u>	<u>5,526,863</u>	<u>5,659,968</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 65,062</u>	<u>\$ 5,942</u>	<u>\$ 5,942</u>	<u>\$ 63,804</u>	<u>\$ 5,771,787</u>	<u>\$ 5,912,537</u>

See Independent Auditor's Report.

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*

To the Board of Trustees
Thames Valley Council for Community Action, Inc. and Subsidiary

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 consolidated financial statements of Thames Valley Council for Community Action, Inc. and Subsidiary, which comprise the consolidated statement of financial position as of March 31, 2025, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 26, 2025. The financial statements of the subsidiary, TVCCA Information Systems, LLC was not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with TVCCA Information Systems, LLC.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Thames Valley Council for Community Action, Inc. and Subsidiary's internal control over financial reporting ("internal control") as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Thames Valley Council for Community Action, Inc. and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of Thames Valley Council for Community Action, Inc. and Subsidiary'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 consolidated 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. We did identify deficiencies in the accompany schedule of findings and questioned costs as items 2025.001 and 2025.002 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Thames Valley Council for Community Action, Inc. and Subsidiary's consolidated 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 consolidated 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Hartford, Connecticut
November 26, 2025

Independent Auditor's Report on Compliance for Each Major Federal Program;
Report on Internal Control over Compliance; and Report on the Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Trustees
Thames Valley Council for Community Action, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Thames Valley Council for Community Action, Inc. and Subsidiary'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 Thames Valley Council for Community Action, Inc. and Subsidiary's major federal programs for the year ended March 31, 2025. Thames Valley Council for Community Action, Inc. and Subsidiary's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Thames Valley Council for Community Action, Inc. and Subsidiary complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Thames Valley Council for Community Action, Inc. and Subsidiary and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Thames Valley Council for Community Action, Inc. and Subsidiary's compliance with the 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 Thames Valley Council for Community Action, Inc. and Subsidiary's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our 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 Thames Valley Council for Community Action, Inc. and Subsidiary's compliance based on our 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 GAAS, *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 Thames Valley Council for Community Action, Inc. and Subsidiary's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- 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 Thames Valley Council for Community Action, Inc. and Subsidiary's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Thames Valley Council for Community Action, Inc. and Subsidiary'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 Thames Valley Council for Community Action, Inc. and Subsidiary's internal control over compliance. Accordingly, no such opinion is expressed.

We are 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 we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Findings 2025.003 and 2025.004. Our opinion on each major federal program is not modified with respect to this matter. *Government Auditing Standards* requires the auditor to perform limited procedures on the Council's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The Council's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our 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 our audit we did not identify any deficiencies in internal control over compliance that we 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.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 2025.003 and 2025.004 to be significant deficiencies.

Our 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. *Government Auditing Standards* requires the auditor to perform limited procedures on the Council's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Council's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of Thames Valley Council for Community Action, Inc. and Subsidiary as of and for the year ended March 31, 2025, and have issued our report thereon dated November 26, 2025, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial

statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CohnReznick LLP

Hartford, Connecticut
November 26, 2025

Thames Valley Council for Community Action, Inc. and Subsidiary

**Schedule of Expenditures of Federal Awards
Year Ended March 31, 2025**

Federal Grantor/Program or Cluster Title	Direct/Pass-through Grantor	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services:					
Head Start	Direct	93.600	N/A	\$ -	\$ 4,970,371
COVID-19 Head Start	Direct	93.600	N/A	-	48,236
Total Head Start Cluster				-	5,018,607
Aging Cluster:					
Special Programs for the Aging, TITLE III, Part C, Nutrition Services	Senior Resources Agency on Aging	93.045	N-24-1/4/5-ED/C/CO/H-W/SE/NE	-	39,890
Special Programs for the Aging, TITLE III, Part C, Nutrition Services	Senior Resources Agency on Aging	93.045	N-25-1/4/5-ED/C/CO/H-W/SE/NE	-	781,131
COVID-19 - Special Programs for the Aging, TITLE III, Part C, Nutrition Services	Senior Resources Agency on Aging	93.045	N-23-1/4/5-ED/C/CO/H-W/SE/NE	-	249,972
Nutrition Services Incentive Program	Senior Resources Agency on Aging	93.053	N-25-1/4/5-ED/C/CO/H-W/SE/NE	-	42,005
Total Aging Cluster				-	1,112,998
Low-Income Household Water Assistance Program	State of Connecticut Department of Social Services	93.499	24DSS4301ZK	-	473,329
Low-Income Home Energy Assistance	State of Connecticut Department of Social Services	93.568	23DSS4301ZK	-	10,779,600
Community Services Block Grant	State of Connecticut Department of Social Services	93.569	22DSS1501ZK	-	339,749
Social Services Research and Demonstration	Connecticut Association for Community Action	93.647	90EDA0021-01-00	-	27,141
Social Services Block Grant	State of Connecticut Department of Social Services	93.667	22DSS1501ZK	-	412,999
Social Services Block Grant - Elderly Nutrition	Senior Resources Agency on Aging	93.667	Not Available	-	165,585
Social Services Block Grant - Case Management Program	Connecticut Association for Community Action	93.667	18DSS5001FB	-	144,733
Total Social Service Block Grant				-	723,317
CCDF Cluster:					
COVID-19 - Child Care and Development Block Grant - Total CCDF Cluster	Connecticut Office of Early Childhood	93.575	Not Available	-	111,021
Maternal, Infant and Early Childhood Home Visiting Grant Program	Connecticut Office of Early Childhood	93.870	210ECHVS01TVC	1,837,080	1,837,080
Community Based-Child Abuse Prevention Grants	Connecticut Office of Early Childhood	93.590	210ECHVS01TVC	387,327	387,327
Activities to Support State, Tribal, Local, and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	United Way of Southeastern Connecticut	93.391	21OHS0007	-	5,334
Total U.S. Department of Health and Human Services				2,224,407	20,815,503
U.S. Department of Housing and Urban Development:					
Continuum of Care Program	Direct	14.267	N/A	-	883,892
Continuum of Care Program	Connecticut State Department of Housing	14.267	24DOH0901CX	-	36,500
Continuum of Care Program	United Way of Southeastern Connecticut	14.267	24DOH1001DA	-	209,772
Total Continuum of Care Program				-	1,130,164

Thames Valley Council for Community Action, Inc. and Subsidiary

**Schedule of Expenditures of Federal Awards
Year Ended March 31, 2025**

Federal Grantor/Program or Cluster Title	Direct/Pass-through Grantor	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
Emergency Solutions Grants Program	State of Connecticut Department of Housing	14.231	20DOH1011CX	-	1,104
Community Development Block Grants/ Entitlement Grants Cluster					
Entitlement Grants - Homeless Prevention Services	City of Norwich	14.218	Not Available	-	21,558
COVID - Community Development Block Grants/ Entitlement Grants - Homeless Prevention Services	City of Norwich	14.218	Not Available	-	15,000
COVID - Community Development Block Grants/ Entitlement Grants - Homeless Prevention Services	City of New London	14.218	Not Available	-	18,000
Total CDBG - Entitlement Grants Cluster				-	54,558
Total U.S. Department of Housing and Urban Development				-	1,185,826
U.S. Department of Agriculture:					
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	Connecticut State Department of Public Health	10.557	DPH2023-00050POS01	-	757,986
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) - noncash	Connecticut State Department of Public Health	10.557	Not applicable	-	3,011,612
Total Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)				-	3,769,598
Child and Adult Care Food Program	Connecticut State Department of Education	10.558	12060-20518-82079-170006	-	375,132
Child and Adult Care Food Program - Cash in Lieu	Connecticut State Department of Education	10.558	12060-20544-82079-170006	-	17,798
Total Child and Adult Care Food Program				-	392,930
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Total SNAP Cluster	Connecticut Association for Community Action	10.561	22DSS4701FB	-	2,337
Total U.S. Department of Agriculture				-	4,164,865
U.S. Department of Labor:					
WIOA National Dislocated Worker Grants/WIA National Emergency Grants	Eastern Connecticut Workforce Investment Board, Inc.	17.277	11000-DOL-4000-12212	-	123,458
Total WIOA National Dislocated Worker Grants/WIA National Emergency Grants				-	123,458
WIOA Cluster					
WIOA Adult Program	Eastern Connecticut Regional Education Services Center	17.258	24-25-106	-	367,529
WIOA Youth Activities	Eastern Connecticut Regional Education Services Center	17.259	24-25-106	-	121,994
WIOA Dislocated Worker Formula Grants	Eastern Connecticut Workforce Investment Board, Inc.	17.278	11000-DOL-4000-12597	-	464,853
Total WIOA Cluster				-	954,376
Total U.S. Department of Labor				-	1,077,834

Thames Valley Council for Community Action, Inc. and Subsidiary

**Schedule of Expenditures of Federal Awards
Year Ended March 31, 2025**

Federal Grantor/Program or Cluster Title	Direct/Pass-through Grantor	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
Corporation for National and Community Service:					
AmeriCorps Seniors Retired Senior Volunteer Program (RSVP)	Direct	94.002	N/A	-	216,825
U.S. Department of Homeland Security:					
COVID 19 - Emergency Food and Shelter National Board Program	United Way of Southeastern Connecticut	97.024	Not available	-	6,000
U.S. Department of the Treasury:					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	United Way of Southeastern Connecticut	21.027	23OECARRPUWS	-	217,260
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	United Way of Southeastern Connecticut	21.027	24DOH100HUBDA	-	67,205
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	City of Norwich	21.027	Not Available	-	600
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	Senior Resources Agency on Aging	21.027	N4HSE	-	72,394
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	LEARN Regional Education Services	21.027	Not Available	-	10,800
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	Eastern Connecticut Workforce Investment Board, Inc.	21.027	Not Available	-	2,420
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	Griswold Public Schools	21.027	Not Available	-	1,160
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	Connecticut Office of Early Childhood	21.027	25OECARPCDC01179	-	205,681
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	Connecticut Office of Early Childhood	21.027	23OEC1XAG1TVC	-	107,612
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	Department of Aging and Disability	21.027	23DRENPTVCCARPA	-	124,470
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	State of Connecticut Department of Social Services	21.027	21DSS6101ZK	-	670,992
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	State of Connecticut Department of Social Services	21.027	22DSS6111ZK	-	200,895
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	Connecticut Department of Mental Health and Addiction Services	21.027	23MHA2101	-	3,701
COVID19 Coronavirus State and Local Fiscal Recovery Funds				-	1,685,190
Total U.S. Department of Treasury				-	1,685,190
Total Expenditures of Federal Awards				<u>\$ 2,224,407</u>	<u>\$ 29,152,043</u>

See Notes to Schedule of Expenditures of Federal Awards.

Thames Valley Council for Community Action, Inc. and Subsidiary

**Notes to Schedule of Expenditures of Federal Awards
March 31, 2025**

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Thames Valley Council for Community Action, Inc. and Subsidiary (the "Council") under programs of the federal government for the year ended March 31, 2025. 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 the Council, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Council.

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 the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented when available.

Note 3 - Indirect cost rate

The Council has not elected to use the de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 - Other federal assistance

In connection with the Women, Infants and Children program, TVCCA determines program eligibility and issues vouchers for food benefits to eligible participants. The vouchers are redeemed by the participants at certain vendors approved by the State of Connecticut. TVCCA does not make payments to the participants or the vendors redeeming the vouchers. Although the value of the vouchers is considered federal assistance and is included in the accompanying schedule of expenditures of federal awards under federal assistance listing number 10.557, no revenue or expense has been recognized in TVCCA's consolidated financial statements for the year ended March 31, 2025. The total value of vouchers redeemed as reported by the State of Connecticut totaled \$3,011,612 for the year ended March 31, 2025.

Thames Valley Council for Community Action, Inc. and Subsidiary

**Schedule of Findings and Questioned Costs
March 31, 2025**

I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 yes X no

Significant deficiency(ies) identified?

 X yes none reported

Noncompliance material to financial statements noted?

 yes X no

Federal Awards:

Internal control over major programs:

Material weakness(es) identified?

 yes X no

Significant deficiency(ies) identified?

 X yes none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance 2 CFR section 200.516(a)?

 X yes no

Major programs:

Federal Assistance Listing Number	Name of Federal Program or Cluster
93.568	Low-Income Home Energy Assistance
93.667	Social Services Block Grant
14.267	Continuum of Care Program
	WIOA Cluster
17.258	WIOA Adult Program
17.259	WIOA Youth Activities
17.278	WIOA Dislocated Worker Formula Grants
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$874,561

Auditee qualified as low-risk auditee? X yes no

Thames Valley Council for Community Action, Inc. and Subsidiary

Schedule of Findings and Questioned Costs
March 31, 2025

II. **Financial Statement Findings**

Finding 2025.001 - Timely reconciliation of grant information - Significant Deficiency

Criteria:

The Council is required to design and implement a system of internal controls to ensure proper reporting of grant revenue, receivables and deferred revenue in relation with accounting principles generally accepted in the United States of America. As a part of this system of internal controls, timely reconciliations of grant awards should be performed and recorded properly at year end.

Condition:

Based on our audit procedures, we determined that the reconciliations of grant awards were not performed within a timely manner, which caused instances of overstated revenue in the trial balance. As a result, material audit entries were recorded during the audit and the existence of such material adjustments indicates that the controls current in place did not properly detect and prevent such errors.

Cause:

The Council did not adequately perform their internal controls in place as they related to the reconciliation of grant awards, based on the Council's financial close and reconciliation processes.

Effect:

The condition may lead to inaccurate financial reporting and potential misstatements of the financial statements.

Questioned Costs:

None

Identification of Repeat Finding:

This is not a repeat finding.

Recommendation:

The Council should implement a system of internal controls surrounding grant reconciliation process to ensure the financial statements are being performed timely and accurately.

Views of Responsible Officials:

TVCCA recognizes the validity of this finding. To remediate future findings, TVCCA will be implementing a series of controls to standardize the grant reconciliation process on a more frequent schedule. Reconciliations will be added to a quarterly close checklist and will include review sign-offs to assist in monitoring.

Thames Valley Council for Community Action, Inc. and Subsidiary

Schedule of Findings and Questioned Costs

March 31, 2025

Finding 2025.002 - Information Technology - General Control Activities - Significant Deficiency

Criteria:

There should be sufficient and appropriate documented Information Technology ("IT") policies and procedures covering information security and incident response to help prevent or mitigate cyber breaches.

Condition:

The Council did not have the proper internal controls in place to prevent a cyber subsequent to year end. The breach was detected; however, not before a third party was able to lock access to a server. The server contained personally identifiable information.

Cause:

The Council did not have appropriate internal control policies and procedures in place as it relates to information security.

Effect:

As a result, a server that included protected information was subject to Ransomware as a result of the cyber breach.

Questioned Costs:

None

Identification of Repeat Finding

This is not a repeat finding.

Recommendation:

There are certain controls that can be implemented to help prevent a cyber breach from occurring again in the future including updating all firewalls on a more proactive basis.

Views of Responsible Officials:

The Council notes that the cyber breach that occurred was not because of a lack of security on the network, but rather an exploit by a threat actor of an unknown vulnerability on a common VPN hardware platform that the Council had been using. We were able to take corrective action immediately, as noted previously. After successful remediation and restoration of affected systems and files, systems were cleared and able to be brought back online within a few days. The affected VPN hardware, still offline, was replaced with a new remote-access cloud-based VPN solution as part of the final remediation process.

Thames Valley Council for Community Action, Inc. and Subsidiary

Schedule of Findings and Questioned Costs
March 31, 2025

III. **Federal Awards Findings and Questioned Costs**

Finding 2025.003 - Reporting - Significant Deficiency and Noncompliance

Information on the Federal Programs:

Assistance Listing Number 93.568 - Low-Income Home Energy Assistance, U.S. Department of Health and Human Services, *Pass-Through Entity*: State of Connecticut Department of Social Services, *Award Number*: 23DSS4301ZK; 22DSS1501ZK.

Assistance Listing Number 93.667 - Social Services Block Grant, U.S. Department of Health and Human Services, *Pass-Through Entity*: State of Connecticut Department of Social Services, *Award Number*: 22DSS1501ZK, *Pass-Through Entity*: Senior Resources Agency on Aging, *Award Number*: Not available, *Pass-Through Entity*: Connecticut Association for Community Action, *Award Number*: 18DSS5001FB.

Assistance Listing Number 21.027 - COVID-19 Coronavirus State and Local Fiscal Recovery Funds, U.S. Department the Treasury, *Pass-Through Entity*: United Way of Southeastern Connecticut, *Award Number*: 23OECARRPUWS; 24DOH100HUBDA, *Pass-Through Entity*: City of Norwich, *Award Number*: Not available, *Pass-Through Entity*: Senior Resources Agency on Aging, *Award Number*: N4HSE, *Pass-Through Entity*: LEARN Regional Education Services, *Award Number*: Not Available, *Pass-Through Entity*: Eastern Connecticut Workforce Investment Board, Inc., *Award Number*: Not Available, *Pass-Through Entity*: Griswold Public Schools, *Award Number*: Not Available, *Pass-Through Entity*: LEARN Regional Education Services, *Award Number*: Not Available, *Pass-Through Entity*: Connecticut Office of Early Childhood, *Award Number*: 25OECARPCDC01179; 23OEC1XAG1TVC, *Pass-Through Entity*: Department of Aging and Disability, *Award Number*: 23DRENPTVCCARPA, *Pass-Through Entity*: State of Connecticut Department of Social Services, *Award Number*: 21DSS6101ZK; 22DSS611ZK, *Pass-Through Entity*: Connecticut Department of Mental Health and Addiction Services, *Award Number*: 23MHA2101.

Criteria:

In accordance with §200.328 *Financial Reporting* and 200.329, *Monitoring and Reporting Program Performance*, recipients and subrecipients must submit financial and performance reports as required by the award.

Condition:

For the year ended March 31, 2025, certain reports for the above mentioned grants were not filed within the required timeline as set by the pass-through.

Cause:

The Council did not have adequate controls in place to ensure compliance with the requirements regarding timely reporting as set forth in their federal award contracts.

Effect or Potential Effect:

Inadequate controls over the preparation and review of reporting requirements resulted in the untimely filing of required reports causing there to be noncompliance with the reporting requirement set forth by Uniform Guidance.

Thames Valley Council for Community Action, Inc. and Subsidiary

Schedule of Findings and Questioned Costs

March 31, 2025

Questioned Costs:

None

Context:

93.568: Out of the five reports tested, we noted two instances where the reports were filed late.

93.667: Each of the five reports selected for testing were filed late.

21.027: Out of the five reports, we noted one instance of a late filed report.

Identification as a Repeat Finding:

This is not a repeat finding.

Recommendation:

We recommend management review their controls process over the reporting criteria to ensure that all reports are submitted within a timely manner as required by the federal award agreements.

Views of Responsible Officials:

TVCCA recognizes the validity of this finding. A centralized reporting calendar will be created to track all federal, state, and other required reporting deadlines. The finance team will strengthen internal controls by adding reporting signoffs to the master close checklist to ensure timely completion. Additionally, reporting progress will be monitored quarterly as part of the quarter-end review process.

Finding 2025.004 - Period of Performance - Significant Deficiency and Noncompliance

Assistance Listing Number 14.267 - Continuum of Care, U.S. Department of Housing and Urban Services, *Pass-Through Entity*: State of Connecticut Department of Housing, *Award Number*: 24DOH0901CX, *Pass-Through Entity*: United Way of Southeastern Connecticut, *Award Number*: 21DOH1001DA

Criteria:

A non-federal entity may charge only allowable costs incurred during the approved budget period of a federal award's period of performance that was authorized by the federal awarding agency or pass-through entity (2 CFR sections, 200.308, 200.309 and 200.403(h)).

Condition:

Certain expenses were charged to the grant that were not properly obligated prior to the end of the grant period. Purchase orders were issued without placing the actual order, or the item was ordered after the period of performance concluded.

Cause:

The Council did not have adequate policies, procedures and controls in place to ensure compliance with the requirements regarding period of performance.

Thames Valley Council for Community Action, Inc. and Subsidiary

Schedule of Findings and Questioned Costs

March 31, 2025

Effect or Potential Effect:

Inadequate controls over period of performance led to expenses charged to the grant that were not incurred during the required period of performance.

Questioned Costs:

\$2,113

Context:

We selected five expenditures for testing over the period of performance requirement. Out of the five expenditures tested, we noted two instances where expenditures were not spent or obligated appropriately in the right grant period.

Identification as a Repeat Finding:

This is not a repeat finding.

Recommendation:

We recommend that management implement additional controls and policies over period of performance. Staff who purchase items with grant funds should have additional training on period of performance requirements.

Views of Responsible Officials:

TVCCA recognizes the validity of this finding. TVCCA is strengthening its period-of-performance controls by training all staff with purchasing authority, and finance staff, on grant deadlines, obligation definitions, and allowable spend-down periods. Internal controls will be enhanced by incorporating quarterly cutoff testing into the month-end close checklist. Additionally, cutoff testing results will be monitored quarterly as part of the quarter-end review process.

Independent Auditor's Report on Compliance for Each Major State Program;
Report on Internal Control over Compliance; and Report on the Schedule of
Expenditures of State Financial Assistance Required by the State Single Audit Act

To the Board of Trustees
Thames Valley Council for Community Action, Inc.

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Thames Valley Council for Community Action, Inc. and Subsidiary's compliance with the types of compliance requirements identified as subject to audit in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of Thames Valley Council for Community Action, Inc. and Subsidiary's major state programs for the year ended March 31, 2025. Thames Valley Council for Community Action, Inc. and Subsidiary's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Thames Valley Council for Community Action, Inc. and Subsidiary's complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended March 31, 2025.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S Section 4-230 to 4-236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Thames Valley Council for Community Action, Inc. and Subsidiary and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of Thames Valley Council for Community Action, Inc. and Subsidiary'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 Thames Valley Council for Community Action, Inc. and Subsidiary's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our 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 Thames Valley Council for Community Action, Inc.'s compliance based on our 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 GAAS, *Government Auditing Standards*, and the State Single Audit 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 Thames Valley Council for Community Action, Inc. and Subsidiary's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit Act, we:

- 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 Thames Valley Council for Community Action, Inc. and Subsidiary's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Thames Valley Council for Community Action, Inc. and Subsidiary'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 State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of Thames Valley Council for Community Action, Inc. and Subsidiary's internal control over compliance. Accordingly, no such opinion is expressed.

We are 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 we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the State Single Audit Act and which are described in the accompanying schedule of findings and questioned costs as Finding 2025.003. Our opinion on each major state program is not modified with respect to this matter. *Government Auditing Standards* requires the auditor to perform limited procedures on the Council's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The Thames Valley Council for Community Action, Inc. and Subsidiary's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 state 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 state 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 state 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. We consider a deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 2025.003 to be a significant deficiency.

Our 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 our audit we did not identify any deficiencies in internal control over compliance that we 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.

Our 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. *Government Auditing Standards* requires the auditor to perform limited procedures on the Council's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Council's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Report on the Schedule of Expenditures of State Financial Assistance Required by the Uniform Guidance

We have audited the consolidated financial statements of Thames Valley Council for Community Action, Inc. and Subsidiary as of and for the year ended March 31, 2025, and have issued our report thereon dated November 26, 2025, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the

consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CohnReznick LLP

Hartford, Connecticut
November 26, 2025

Thames Valley Council for Community Action, Inc. and Subsidiary

**Schedule of Expenditures of State Financial Assistance
Year Ended March 31, 2025**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures Passed Through to Subrecipients	Expenditures
Office of Early Childhood:			
Head Start Services Grant Program and Head Start Innovative Enhancement	11000-OEC64845-16101	\$ -	\$ 120,585
Head Start Services Grant Program and Head Start Innovative Enhancement	11000-OEC64845-16101	-	325,416
Total Head Start Services Grant Program and Head Start Innovative Enhancement		-	446,001
Nurturing Families Network	11000-OEC64860-12603-83007	184,869	559,531
Other Expenses - Workforce Pipeline Project	11000-OEC64860-10020	-	64,505
Child Daycare (CDC)	11000-OEC64840-16274-83012	1,450,412	3,919,464
Child Daycare - Intercept	11000-OEC64840-16274-83012	-	55,467
Total Child Daycare (CDC)		1,450,412	3,974,931
Passed through Norwich Public Schools:			
School Readiness in Priority School Districts	11000-OEC64845-16274-83014	-	758,328
Passed through LEARN Regional Education Services			
School Readiness in Priority School Districts	11000-OEC64845-16274-83014	-	635,392
Total School Readiness in Priority School Districts		-	1,393,720
Passed through Griswold Public Schools			
School Readiness in Competitive Grant Municipalities	11000-OEC64845-16274-83013	-	250,116
Passed through Norwich Public Schools			
School Readiness Quality Enhancement	11000-OEC64845-16158	-	7,125
Passed through LEARN Regional Education Services			
School Readiness Quality Enhancement	11000-OEC64845-16158	-	1,394
Passed through Griswold Public Schools			
School Readiness Quality Enhancement	11000-OEC64845-16158	-	776
Total School Readiness Quality Enhancement		-	9,295
Department of Social Services:			
Community Services	11000-DSS60000-16160	-	30,942
Department of Social Services:			
Hispanic Programs (HHD)	11000-DSS60000-16118	-	58,285
Human Services Infrastructure (HSI)	11000-DSS60000-16174	-	351,737
Department of Labor:			
Passed through Eastern Connecticut Workforce Investment Board, Inc. Manufacturing Pipeline Initiative	11000-DOL40000-12597	-	343,250
Jobs First Employment Services	11000-DOL40000-12212	400,154	541,246
Department of Mental Health and Addiction Services:			
Housing Supports and Services	11000-MHA53000-12035	-	163,525
Department of Housing:			
Shelter Diversion/Rapid Rehousing	11000-DOH46920-16149-1200904	65,773	158,296
Shelter Diversion/Rapid Rehousing	11000-DOH46920-16149-1200904	187,867	266,017
Total Shelter Diversion/Rapid Rehousing		253,640	424,313
Project Longevity Housing Grant	11000-DOH46920-12060	-	72,765
Department of Aging and Disability Services:			
Passed through Senior Resources Agency on Aging			
Areas Agencies on Aging - Elderly Nutrition	11000-SDR63901-16278-10105	-	527,880
Areas Agencies on Aging - Federal Title III Match	11000-SDR63901-16260-10725	-	18,209
Total Area Agencies on Aging		-	546,089
Total Schedule of State Awards		\$ 2,289,075	\$ 9,230,251

See Note to Schedule of Expenditures of State Financial Assistance.

Thames Valley Council for Community Action, Inc. and Subsidiary

**Note to Schedule of Expenditures of State Financial Assistance
March 31, 2025**

Note 1 - Summary of significant accounting policies

Basis of presentation

The accompanying schedule of expenditures of state financial assistance includes state grant activity of Thames Valley Council for Community Action, Inc. and Subsidiary under programs of the State of Connecticut for the fiscal year ended March 31, 2025. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. Because the schedule presents only a selected portion of the operations of Thames Valley Council for Community Action, Inc. and Subsidiary, it is not intended and does not present the financial position, changes of net assets or cash flows of Thames Valley Council for Community Action, Inc. and Subsidiary.

The accounting policies of Thames Valley Council for Community Action, Inc. and Subsidiary (the "Council") conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

The information in the schedule of expenditures of state financial assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of accounting

Expenditures reported on the schedule of expenditures of state financial assistance are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity and, accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

Thames Valley Council for Community Action, Inc. and Subsidiary

**Schedule of Findings and Questioned Costs
March 31, 2025**

I. Summary of Auditor's Results

Financial Statements:

Type of auditor's opinion issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> X </u> yes	<u> </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no

State Financial Assistance:

Internal control over major programs:		
Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> X </u> yes	<u> </u> none reported

Type of auditor's opinion issued on compliance for major programs:	<u>Unmodified</u>	
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Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?	<u> X </u> yes	<u> </u> no
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The following schedule reflects the major programs included in the audit:

<u>State Grant or Program</u>	<u>State CORE - CT Number</u>	<u>Expenditures</u>
Office of Early Childhood: Child Day Care (CDC)	11000-OEC64845-16274-83012	\$ 3,974,931
Nurturing Families	11000-OEC64840-12063-83007	559,531
School Readiness in Competitive Grant Municipalities	11000-OEC64845-16274-83013	250,116
Human Services Infrastructure (HSI)	11000-DSS60000-16174	351,737
Shelter Diversion/Rapid Rehousing	1100-DOH46920-16149-1200904	424,313
Dollar threshold used to distinguish between type A and type B programs		<u><u>\$ 200,000</u></u>

Thames Valley Council for Community Action, Inc. and Subsidiary

Schedule of Findings and Questioned Costs
March 31, 2025

II. **Financial Statement Findings**

Finding 2025.001 - Timely reconciliation of grant information

Criteria:

The Council is required to design and implement a system of internal controls to ensure proper reporting of grant revenue, receivables and deferred revenue in relation with accounting principles generally accepted in the United States of America. As a part of this system of internal controls, timely reconciliations of grant awards should be performed and recorded properly at year end.

Condition:

Based on our audit procedures, we determined that the reconciliations of grant awards were not performed within a timely manner, which caused instances of overstated revenue in the trial balance. As a result, material audit entries were recorded during the audit and the existence of such material adjustments indicates that the controls current in place did not properly detect and prevent such errors.

Cause:

The Council did not adequately perform their internal controls in place as they related to the reconciliation of grant awards, based on the Council's financial close and reconciliation processes.

Effect:

The condition may lead to inaccurate financial reporting and potential misstatements of the financial statements.

Questioned Costs:

None

Identification of Repeat Finding

This is not a repeat finding.

Recommendation:

The Council should implement a system on internal controls surrounding grant reconciliation process to ensure the financial statements are being performed timely and accurately.

Views of Responsible Officials:

TVCCA recognizes the validity of this finding. To remediate future findings, TVCCA will be implementing a series of controls to standardize the grant reconciliation process on a more frequent schedule. Reconciliations will be added to a quarterly close checklist and will include review sign-offs to assist in monitoring.

Thames Valley Council for Community Action, Inc. and Subsidiary

Schedule of Findings and Questioned Costs
March 31, 2025

Finding 2025.002 - Information Technology - General Control Activities - Significant Deficiency

Criteria:

There should be sufficient and appropriate documented Information Technology ("IT") policies and procedures covering information security and incident response to help prevent or mitigate cyber breaches.

Condition:

The Council did not have the proper internal controls in place to prevent a cyber subsequent to year end. The breach was detected; however, not before a third party was able to lock access to a server. The server contained personally identifiable information.

Cause:

The Council did not have appropriate internal control policies and procedures in place as it relates to information security.

Effect:

As a result, a server that included protected information was subject to Ransomware as a result of the cyber breach.

Questioned Costs:

None

Identification of Repeat Finding

This is not a repeat finding.

Recommendation:

There are certain controls that can be implemented to help prevent a cyber breach from occurring again in the future including updating all firewalls on a more proactive basis.

Views of Responsible Officials:

The Council notes that the cyber breach that occurred was not because of a lack of security on the network, but rather an exploit by a threat actor of an unknown vulnerability on a common VPN hardware platform that the Council had been using. We were able to take corrective action immediately, as noted previously. After successful remediation and restoration of affected systems and files, systems were cleared and able to be brought back online within a few days. The affected VPN hardware, still offline, was replaced with a new remote-access cloud-based VPN solution as part of the final remediation process.

Thames Valley Council for Community Action, Inc. and Subsidiary

Schedule of Findings and Questioned Costs
March 31, 2025

III. State Financial Assistance Findings and Questioned Costs

Finding 2025.003 - Reporting - Significant Deficiency in Internal Control over Compliance, Other Matters

Name of State Agencies: Department of Social Services
Department of Housing

State Program Names: Human Services Infrastructure (HSI)
Shelter Diversion/Rapid Rehousing

State Grant Program Core CT Numbers: 11000-DSS60000-16174
11000-DOH46920-16149-1200904

Criteria:

Recipients of state awards must submit financial, performance, and special reports as required by the state grantor agency. Reports must be complete, supported by accounting or performance records, fairly presented in accordance with program requirements and timely filed.

Condition:

The Council had multiple reports that were submitted after the required submission date per the grant contract.

Cause:

The Council did not have adequate controls in place to ensure compliance with the requirements regarding their reporting requirement set forth by their grant contracts.

Effect or Potential Effect:

Inadequate controls over the preparation and review of reporting requirements resulted in the untimely filing of required reports.

Questioned Costs:

None

Context:

Human Services Infrastructure (HSI) - The three reports selected for testing were not timely filed.

Shelter Diversion/Rapid Rehousing - Of the three reports reviewed, one was not timely filed.

Identification as a Repeat Finding:

This is not a repeat finding.

Recommendation:

We recommend management review their controls process over the reporting criteria to ensure that all reports are submitted within a timely manner as required by the state award agreements.

Thames Valley Council for Community Action, Inc. and Subsidiary

Schedule of Findings and Questioned Costs

March 31, 2025

Views of Responsible Officials:

TVCCA recognizes the validity of this finding. A centralized reporting calendar will be created to track all federal, state, and other required reporting deadlines. The finance team will strengthen internal controls by adding reporting signoffs to the master close checklist to ensure timely completion. Additionally, reporting progress will be monitored quarterly as part of the quarter-end review process.



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