

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.

Financial Statements
With Supplementary Information

Year Ended June 30, 2021

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
 Financial Statements
 With Supplementary Information
 Year Ended June 30, 2021

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Financial Statements
With Supplementary Information
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INTRODUCTORY SECTION

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Roster of Officials and Board Members
June 30, 2021

Officials

Ms. Megan Barnard
Mr. David Sigler

Executive Director
Fiscal Officer

Board Members

Cocke

Haily Burghart
Bettye Carver
April Devotie
Faye Fish

Grainger

Terry Acuff
Mike Byrd
Michael Collins
Rena Greer
Linda Roberts

Hamblen

Roxanne Bowen
Bill Brittain
Lauren Carroll
Jim Clawson
Veronica Galvan

Jefferson

Nancy Farris
Scott Tipton
Rene Tabor
Janice Wilder

Monroe

DeAnna McClendon
Lori Millsaps
Conlie Rasnake
Shannon Wheeler

Sevier

Beth Connatser
Wayne Helton
Ann Montgomery
Marty Temple

FINANCIAL SECTION

Independent Auditors' Report

Board of Directors
Douglas-Cherokee Economic Authority, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, and each major fund of Douglas-Cherokee Economic Authority, Inc. (the "Agency") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of any of the discretely presented component units. Those statements were audited by another auditor whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of another auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, and each major fund of the Agency, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in the net pension liability (asset) and related ratios and the schedule of contributions listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

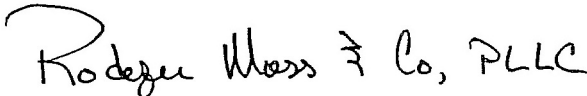
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The introductory section and supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal awards are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information and the schedules of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedules of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2022, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.



Greeneville, Tennessee
January 19, 2022

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Management's Discussion and Analysis
June 30, 2021

Overview of financial statements

The financial statements for Douglas-Cherokee Economic Authority, Inc. ("DCEA") include: Government-Wide Statement of Net Position and Statement of Activities; Governmental Balance Sheets and Statement of Revenues, Expenditures and Changes in Fund Balance for Governmental Funds; Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities; Statement of Capital Assets; Schedules of Expenditures of Federal and State Awards; Statement of Administrative Expenses, Statement of In-Kind Support, and Statement of Individual Grant Funds. The financial statements also include Balance Sheets, Statements of Activities, and Statements of Cash Flows for the Agency's component units. In addition to these statements, Notes to the Financial Statements, Required Supplementary and Other Supplementary Information are provided. This discussion focuses on the primary government, and references to "DCEA" refer to the primary government, not the government-wide statements, unless otherwise indicated.

The Fund Balance Sheet shows assets, liabilities, and fund equity accounts. Information is provided for governmental fund types.

In the governmental fund types, all assets, liabilities and fund equity are broken down into the general fund and grant fund. The general fund accounts for all financial resources not accounted for in the grant fund. The grant revenue fund accounts for resources from Federal and State grant agreements.

The Statement of Revenues, Expenditures, and Changes in Fund Balances shows the general fund and grant revenue funds as discussed earlier.

The Notes to the Financial Statement provide detailed explanations that provide information essential to the understanding of the statements.

The supplementary information provided is used as a tool to explain further the financial information of DCEA.

Financial Highlights

Total assets and deferred outflows of the agency are \$16,928,422 and exceed total liabilities and deferred inflows by \$15,625,599. Assets include cash and certificates of deposit, receivables, prepaid expenses, equipment, land, building, and net pension asset. Liabilities include payables, accrued salaries, and accrued leave liability. The Agency also reported deferred outflows of resources and deferred inflows of resources. The following are some of the changes noted in the financial statements.

DCEA Net Position Comparison

	<u>2020</u>	<u>2021</u>	<u>Variance</u>
Cash & Certificates of Deposit	\$ 4,937,979	\$ 4,516,715	\$ (421,264)
Receivables	1,770,215	2,509,049	738,834
Prepaid Expenses/Inventories	578	289	(289)
Capital Assets	6,841,278	7,218,277	376,999
Net Pension Asset	<u>2,871,211</u>	<u>1,967,077</u>	<u>(904,134)</u>
Total Assets	16,421,261	16,211,407	(209,854)
Deferred Outflows of Resources	<u>442,585</u>	<u>717,015</u>	<u>274,430</u>

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Management's Discussion and Analysis (Continued)

DCEA Net Position Comparison (Continued)

	<u>2020</u>	<u>2021</u>	<u>Variance</u>
Liabilities	1,130,555	1,068,857	(61,698)
Deferred Inflows of Resources	683,679	233,966	(449,713)
Net Position			
Investment in capital assets	6,841,278	7,218,277	376,999
Restricted	2,925,947	2,046,494	(879,453)
Unrestricted	5,282,387	6,360,828	1,078,441
Total Net Position	<u>\$ 15,049,612</u>	<u>\$ 15,625,599</u>	<u>\$ 575,987</u>

	<u>2020</u>	<u>2021</u>	<u>Difference</u>
<u>Cash and Certificates of Deposit</u>	\$4,937,979	\$4,516,715	\$(421,264)

The decrease in cash is primarily due to the increase in accounts receivable at June 30, 2021.

<u>Receivables</u>	\$1,770,215	\$2,509,049	\$738,834
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The majority of the difference reflects increases in grants receivables from COVID-19 funding.

<u>Prepaid Expenses/Inventories</u>	\$578	\$289	\$(289)
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The Agency had minimal difference in prepaid expense.

<u>Capital Assets</u>	\$6,841,278	\$7,218,277	\$376,999
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The difference in capital outlay is for increases in land and construction in progress of \$206,330, an increase in building and improvements of \$881,346, and an increase in other fixed assets of \$372,201. The Agency also had decreases in construction in progress of \$(691,132), deletions of \$(1,098,604). The Agency had an increase in depreciation of \$706,858. The increase in fixed assets is because of capital asset additions for the Head Start cluster.

<u>Net Pension Asset</u>	\$2,871,211	\$1,967,077	\$(904,134)
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The difference reflects the Agency's Net Pension Asset. GASB Statement No. 68 and 71 Accounting Financial Reporting for Pensions became effective for employer financial statements for the fiscal year beginning after June 15, 2014.

<u>Deferred Outflows</u>	\$442,585	\$717,015	\$274,430
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The difference reflects the Agency's pension contributions after the measurement date and the net difference between expected and actual experience. GASB Statement No. 68 Accounting Financial Reporting for Pensions became effective for employer financial statements for the fiscal year beginning after June 15, 2014.

<u>Liabilities</u>	\$1,130,555	\$1,068,857	\$(61,698)
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The difference reflects an increase in Accounts Payables of \$27,915 a decrease in Accrued Leave of \$(102,147), and an increase in Accrued Payroll of \$12,534.

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Management's Discussion and Analysis (Continued)

	<u>2020</u>	<u>2021</u>	<u>Difference</u>
<u>Deferred Inflows</u>	\$683,679	\$233,966	\$(449,713)

The difference reflects the change in unearned revenue from previous year. It also reflects the differences between expected and actual experience and the difference between projected and actual earnings of pension plan investments. GASB No. 68 Accounting Financial Reporting for Pensions became effective for employer financial statements for the fiscal year beginning after June 15, 2014.

<u>Net Position</u>	\$ 15,049,612	\$15,625,599	\$575,987
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The difference reflects an increase in assets of \$376,999, net change in pension assets and expenditures that are deferred or capitalized in the statement of activities \$(192,064) and a net change in governmental funds of \$391,052.

DCEA Changes in Net Position

REVENUES

Federal financial assistance	\$ 18,477,919	\$ 21,821,057	\$ 3,343,138
State financial assistance	335,235	247,299	(87,936)
Local contributions	354,715	430,842	76,127
Program income	27,247	15,044	(12,203)
Other income	<u>2,328,336</u>	<u>2,452,736</u>	<u>124,400</u>
Total revenues	<u>21,523,452</u>	<u>24,966,978</u>	<u>3,443,526</u>

EXPENDITURES

Salaries and wages	9,450,437	9,482,975	32,538
Fringe benefits	1,938,858	1,879,179	(59,679)
Professional services	74,632	67,720	(6,912)
Supplies	869,111	1,539,727	670,616
Communications	238,414	269,572	31,158
Postage and shipping	31,622	52,049	20,427
Occupancy	752,416	981,933	229,517
Equipment rental/maintenance	18,034	24,669	6,635
Printing and publications	128,819	132,515	3,696
Travel	265,983	221,968	(44,015)
Staff development and training	54,918	56,316	1,398
Insurance	114,389	121,298	6,909
Assistance to individuals	4,204,695	6,658,916	2,454,221
Contracted services	119,262	143,742	24,480
Raw food	714,323	1,089,120	374,797
Miscellaneous	159,783	118,921	(40,862)
Capital expenditure	990,899	634,983	(355,916)
Indirect costs	<u>1,096,577</u>	<u>1,100,323</u>	<u>3,746</u>
Total expenditures	<u>21,223,172</u>	<u>24,575,926</u>	<u>3,352,754</u>
Revenues over (under) expenditures	300,280	391,052	90,772
Net Position-Beginning	<u>5,263,593</u>	<u>5,563,873</u>	<u>300,280</u>
Net Position-Ending	<u>\$ 5,563,873</u>	<u>\$ 5,954,925</u>	<u>\$ 391,052</u>

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Management's Discussion and Analysis (Continued)

	<u>2020</u>	<u>2021</u>	<u>Difference</u>
<u>Fund Balance</u>	\$ 5,563,873	\$5,954,925	\$391,052

Revenue exceeded expenses by \$391,052.

Statement of Revenues, Expenditures, and Changes in Fund Balance Comparison

	<u>2020</u>	<u>2021</u>	<u>Difference</u>
<u>Revenues</u>	\$21,523,452	\$24,966,978	\$3,443,526

The Agency saw a large increase in revenues due to CARES, ARP and CRRSA funding from the COVID-19 pandemic.

Program Expenditures

	<u>2020</u>	<u>2021</u>	<u>Variance</u>
<u>Federal</u>			
EOC	\$ 249,968	\$ 238,350	\$ (11,618)
Upward Bound-Scott/Morgan	360,655	399,298	38,643
Upward Bound-Grainger/Hawkins	273,363	299,724	26,361
Talent Search	357,264	416,646	59,382
21st Century Learning Center	417,789	437,698	19,909
Head Start/Early Head Start	10,238,931	10,862,798	623,867
Sexual Risk Avoidance Education	305,471	304,820	(651)
CSBG	751,152	1,068,679	317,527
CSBG Special Operations	58,660	-	(58,660)
LIHEAP	4,179,312	6,136,928	1,957,616
Aging Programs	679,654	1,046,205	366,551
Emergency Food and Shelter Program	19,908	55,960	36,052
Commodities	44,912	78,321	33,409
Child and Adult Care Food Program	486,858	475,630	(11,228)
RSVP	54,022	-	(54,022)
Total Federal Grants	\$ 18,477,919	\$ 21,821,057	\$ 3,343,138
<u>State</u>			
Voluntary Pre-k	23,909	-	(23,909)
LEAP-After School	237,061	174,325	(62,736)
Direct Appropriation	25,050	25,050	-
Nutrition	33,004	33,004	-
Options	16,211	14,920	(1,291)
Total State Grants	335,235	247,299	(87,936)
General Fund	1,675,134	2,322,635	647,501
Total	\$ 20,488,288	\$ 24,390,991	\$ 3,902,703

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Management's Discussion and Analysis (Continued)

Special Revenue Fund - Revenue and Expenses

<u>Fund</u>	<u>Beginning Balance</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Ending Balance</u>
21st Century Learning Center/GC	\$ -	\$ 437,698	\$ 437,698	\$ -
LEAP	-	174,325	174,325	-
State Appropriation	-	25,050	25,050	-
CSBG	-	1,068,679	1,068,679	-
LIHEAP	-	6,136,928	6,136,928	-
Commodities	-	78,321	78,321	-
Head Start/Early Head Start	-	10,862,798	10,862,798	-
Child & Adult Food	-	475,630	475,630	-
Sexual Risk Avoidance Education	-	304,820	304,820	-
Educational Opportunity Centers	-	238,350	238,350	-
Upward Bound:				
Scott/Morgan	-	399,298	399,298	-
Grainger/Hawkins	-	299,724	299,724	-
Talent Search	-	416,646	416,646	-
Emergency Food and Shelter Program	-	55,960	55,960	-
Aging Programs	-	1,094,129	1,094,129	-
	<u>\$ -</u>	<u>\$ 22,068,356</u>	<u>\$ 22,068,356</u>	<u>\$ -</u>

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Management's Discussion and Analysis (Continued)

Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 625,205	\$ 182,545	\$ -	\$ 807,750
Construction In Progress	<u>691,132</u>	<u>23,785</u>	<u>(691,132)</u>	<u>23,785</u>
Total capital assets not being depreciated	<u>1,316,337</u>	<u>206,330</u>	<u>(691,132)</u>	<u>831,535</u>
Capital assets being depreciated				
Buildings and improvements	8,304,513	881,346	-	9,185,859
Other fixed assets	<u>3,415,054</u>	<u>372,201</u>	<u>(1,098,604)</u>	<u>2,688,651</u>
Total capital assets being depreciated	<u>11,719,567</u>	<u>1,253,547</u>	<u>(1,098,604)</u>	<u>11,874,510</u>
Less accumulated depreciation for				
Buildings and improvements	(3,295,709)	-	(248,312)	(3,544,021)
Other fixed assets	<u>(2,898,917)</u>	<u>1,098,604</u>	<u>(143,434)</u>	<u>(1,943,747)</u>
Total accumulated depreciation	<u>(6,194,626)</u>	<u>1,098,604</u>	<u>(391,746)</u>	<u>(5,487,768)</u>
Total capital assets being depreciated, net	<u>5,524,941</u>	<u>2,352,151</u>	<u>(1,490,350)</u>	<u>6,386,742</u>
Capital assets, net	<u>\$ 6,841,278</u>	<u>\$ 2,558,481</u>	<u>\$ (2,181,482)</u>	<u>\$ 7,218,277</u>

Analysis of overall financial position

The majority of Douglas-Cherokee Economic Authority's funding is from Federal and State grants. The agency has also been able to tap into various other local resources for funding dollars as well. During fiscal year 2021, the Agency had an increase in federal funds of \$3,343,138 and a decrease in state funds of \$(87,936). Due to COVID-19, the Agency received a large increase in federal funds. The outlook for the future of the Agency is good considering the Federal government is discussing a large appropriation spending package which affects the majority of our programs. Management continues to seek out funding opportunities that coincide with our mission. DCEA continues to assess the needs of the communities served and endeavors to find ways to meet those needs.

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Management's Discussion and Analysis (Continued)

Discretely Presented Component Units and HUD Housing Complexes

Over the last 20 years, the DCEA Board of Directors has sponsored the construction and operation of HUD housing complexes for persons over 60 and/or disabled. The complex boards provide for the oversight and management of each complex. As a part of the management, the complex boards have engaged the services of DCEA to provide the management and day to day operations of the facilities. HUD and other funders establish a fee to be paid for this oversight and management responsibility. The Agency has included forty-four groups of financial statements and combined and summarized these statements into Discretely Presented Component Units. This number decreased from the previous year due to refinancing and merging certain entities together. DCEA has management agreements with sixty complexes, but only those organizations evaluated as component units are included in the financial statements. For additional financial information on the component units please refer to each component unit's individual audit report.

Presently, DCEA has management agreements with the following complexes:

<u>Project Name</u>	<u>City</u>	<u>County</u>	<u>Number of Units</u>	<u>Owner Corporation</u>
Alpine Village	Johnson City	Washington	39	Crockett Homes
Auburn Hills	Oak Ridge	Anderson	41	Aspen Homes
Autumn Village	Rutledge	Grainger	24	Volunteer Residences-Two, Inc.
Beaver Run	Bristol	Sullivan	20	Holston Homes for Elderly
Breckenridge	Sevierville	Sevier	11	Volunteer Housing Development
Brookvale Garden	Etowah	McMinn	16	Mountain View Homes for Elderly
Brookwood Terrace	Wartburg	Morgan	24	Volunteer Homes for Elderly
Cambridge Apts	Rutledge	Grainger	11	Cambridge Homes
Cherry Hill Apts	Spring City	Rhea	31	Volunteer Residences One
College Park	Morristown	Hamblen	45	Volunteer Residences-Two, Inc.
Commons for Seniors	Seymour	Sevier	20	Chatham Homes for Elderly
Dogwood Terrace I	Knoxville	Knox	50	Overlook Sr. Citizens Housing - Knox
Dogwood Terrace II	Sweetwater	Monroe	25	Overlook Sr. Citizens Housing - Knox
Dogwood Terrace III	Lenoir City	Loudon	20	Overlook Sr. Citizens Housing - Knox
Douglas Residence	Jefferson City	Jefferson	13	East TN Homes for Elderly
Franklin Place	Elizabethton	Carter	47	Brookhaven Homes
Friendship Manor	Kingsport	Sullivan	38	Appalachian Homes for Elderly
Gateway Village	Sevierville	Sevier	35	Volunteer Housing Development
Greenbriar Village	Rogersville	Hawkins	41	Holston Homes for Elderly
Greenbriar Village Annex	Rogersville	Hawkins	8	Volunteer Housing Management
Heritage Hills	Huntsville	Scott	30	Volunteer Housing Development
Heritage Oaks	Cleveland	Bradley	41	East TN Homes for Elderly
Heritage Oaks Annex	Cleveland	Bradley	11	Columbia Homes for Elderly
Highland Manor	Monterey	Putnam	23	Woodbridge Homes for Elderly
Highland Manor II	Monterey	Putnam	11	Highland Homes for the Elderly, Inc.
Holly Hills	Livingston	Overton	25	Cumberland Homes for Elderly
Holston Hills	Rogersville	Hawkins	38	Waterford Homes for Elderly
Lakeway Annex	Bean Station	Grainger	11	Volunteer Housing Development

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Management's Discussion and Analysis (Continued)

Discretely Presented Component Units and HUD Housing Complexes (Continued)

Project Name	City	County	Number of Units	Owner Corporation
Lakeway Apts	Bean Station	Grainger	11	Volunteer Housing Management
Lakewood Village	Kingston	Roane	43	Volunteer Homes for Elderly
LeConte Terrace	Sevierville	Sevier	36	Stanford Homes for Elderly
Lincoln Park	Morristown	Hamblen	11	Paragon Homes for Elderly
Lincoln Park Annex	Morristown	Hamblen	12	Oxford Homes for Elderly
McElhaney Glen	Seymour	Sevier	11	Volunteer Housing Development
Meadow Creek	Pigeon Forge	Sevier	50	Pine Mountain Housing
Meadowood Park	Erwin	Unicoi	40	Holston Homes for Elderly
Mill Creek Apt	Rutledge	Grainger	22	Volunteer Housing Development
Mountain Grove	Livingston	Overton	15	Monticello Housing Development
Oak Hills Annex	Sparta	White	19	Horizon Homes for Elderly
Oak Hills Apts	Sparta	White	24	Sierra Homes for Elderly
Old Saybrook	Madisonville	Monroe	48	Volunteer Housing Development
Park Place Apts	Cleveland	Bradley	11	Riverton Homes for Elderly
Park Place Annex	Cleveland	Bradley	20	Portage Homes for Elderly
Pleasant Hill Apts	Sparta	White	14	Aztec Homes for Elderly
Renaissance Square	Seymour	Sevier	50	Trinity Homes for Elderly
Riverpark	Sevierville	Sevier	47	Riverpark Apartments
Riverpark II	Sevierville	Sevier	50	Riverpark Apartments
Roy J. Messer	White Pine	Jefferson	12	Wellington Homes for Elderly
Sequoyah Village	Madisonville	Monroe	40	Volunteer Residences-Two, Inc.
Springbrook	Vonore	Monroe	24	East TN Homes for Elderly
Stanford Place	Cleveland	Bradley	12	Hermitage Homes for Elderly
Village Green Apts	Huntsville	Scott	8	Summit Homes for Elderly
Walnut Creek	Benton	Polk	24	Landmark Homes for Elderly
Westminster	Oneida	Scott	40	Volunteer Homes for Elderly
Winfield Ridge	Winfield	Scott	11	Volunteer Housing Management
Woodland Park	Sevierville	Sevier	55	Heartland Homes for Elderly
Woodland Place	Johnson City	Washington	30	Phoenix Homes for Elderly
Woodridge Annex	Greeneville	Greene	5	Stockbridge Homes for Elderly
Woodridge Apts	Greeneville	Greene	15	Greystone Homes for Elderly
		Total Units	<u>1,559</u>	

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Management's Discussion and Analysis (Continued)

Discretely Presented Component Units Net Position

The combined balance sheets of our discretely presented component units are as follows:

	<u>2020</u>	<u>2021</u>
Current Assets	\$ 1,068,072	\$ 1,091,727
Restricted Deposits and Funded Reserves	6,496,044	6,538,408
Capital Assets	41,491,376	39,903,001
Other Non-Current Assets	561,339	476,297
Total Assets	<u>49,616,831</u>	<u>48,009,433</u>
Current Liabilities	2,015,126	2,042,460
Tenant Security Deposits	359,278	372,791
Long-term Liabilities	67,040,540	66,474,295
Total Liabilities	<u>69,414,944</u>	<u>68,889,546</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	(26,014,581)	(27,073,938)
Unrestricted	<u>6,216,468</u>	<u>6,193,825</u>
Total Net Position (Deficit)	<u>\$ (19,798,113)</u>	<u>\$ (20,880,113)</u>

Discretely Presented Component Units Changes in Net Position

Summarized statements of activities for the component units are as follows:

	<u>2020</u>	<u>2021</u>
Revenues		
Rent Revenue less vacancies	\$ 7,627,932	\$ 7,977,500
Management fee	117,736	127,712
Financial Revenue	7,366	4,815
Other Revenue	241,839	186,503
Total Revenues	<u>7,994,873</u>	<u>8,296,530</u>
Administrative Expense	2,114,968	2,098,108
Utilities Expense	1,668,155	1,693,245
Operating and Maintenance Expense	1,752,317	1,974,906
Taxes and Insurance Expense	753,862	751,797
Financial Expenses	884,739	787,023
Amortization	187	187
Depreciation	2,053,020	2,058,644
Total Expenses	9,227,248	9,363,910
Contributed capital	-	28,586
Change in unrestricted net position	(1,232,375)	(1,038,794)
Unrestricted Net Assets (Deficit) at Beginning of Year	(18,565,738)	(19,798,113)
Prior period adjustment	-	(43,206)
Unrestricted Net Assets (Deficit) at Beginning of Year, restated	<u>(18,565,738)</u>	<u>(19,841,319)</u>
Net Deficit at End of Year	<u>\$ (19,798,113)</u>	<u>\$ (20,880,113)</u>

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Management's Discussion and Analysis (Continued)

Contacting the Agency's Financial Management

This financial report is designed to provide citizens and interested parties with a general overview of Douglas-Cherokee Economic Authority, Inc.'s financial position, and to demonstrate accountability for the revenues it receives. Questions regarding this report or requests for additional financial information should be addressed to Douglas-Cherokee Economic Authority, Inc., PO Box 1218, Morristown, TN 37816.

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Statement of Net Position
June 30, 2021

	Primary Government	Component Units
ASSETS		
Current Assets		
Cash	\$ 4,123,802	\$ 785,222
Certificate of deposit	392,913	-
Accounts receivable	733,870	82,652
Due from component units and other receivable	157,307	-
Grants receivable	1,617,872	-
Prepaid expense	289	223,853
Total current assets	7,026,053	1,091,727
Restricted Deposits and Funded Reserves	-	6,538,408
Capital Assets		
Land	807,750	4,323,998
Construction in progress	23,785	-
Other capital assets, net	6,386,742	35,579,003
Total capital assets	7,218,277	39,903,001
Other Non-Current Assets	1,967,077	476,297
Total Assets	16,211,407	48,009,433
DEFERRED OUTFLOWS OF RESOURCES		
Pension	717,015	-
LIABILITIES		
Current Liabilities		
Accounts payable	193,754	756,791
Accrued payroll and other accruals	634,587	-
Accrued management fees	-	324,890
Notes payable, current portion	-	502,644
Accrued interest	-	11,627
Other accrued payables	1,886	446,508
Accrued leave	238,630	-
Total current liabilities	1,068,857	2,042,460
Tenant Security Deposits	-	372,791
Long-term Liabilities		
Notes payable and advances	-	66,474,295
Total liabilities	1,068,857	68,889,546
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	2,271	-
Pension	231,695	-
Total deferred inflows of resources	233,966	-
NET POSITION		
Net investment in capital assets	7,218,277	(27,073,938)
Restricted		
Santa fund	79,417	-
Pension	1,967,077	-
Unrestricted	6,360,828	6,193,825
Total net position	\$ 15,625,599	\$ (20,880,113)

See accompanying notes to the financial statements.

Douglas-Cherokee Economic Authority, Inc.
Statement of Activities
Year Ended June 30, 2021

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Component Units
	Expenses	Charges for Services and Other	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Total	
Primary Government						
<u>Governmental activities</u>						
21 st Century LC	\$ 437,698	\$ -	\$ 437,698	\$ -	\$ -	
LEAP	174,325	-	174,325	-	-	
CSBG	1,068,679	-	1,068,679	-	-	
LIHEAP	6,136,928	-	6,136,928	-	-	
Direct Appropriation	25,050	-	25,050	-	-	
Commodities	78,321	-	78,321	-	-	
Head Start/Early Head Start	10,862,798	-	10,862,798	-	-	
Child & Adult Food	475,630	-	475,630	-	-	
Sexual Risk Avoidance Education	304,820	-	304,820	-	-	
Educational Opportunity Centers	238,350	-	238,350	-	-	
Upward Bound:						
Scott/Morgan	399,298	-	399,298	-	-	
Grainger/Hawkins	299,724	-	299,724	-	-	
Talent Search	416,646	-	416,646	-	-	
Emergency Food Shelter Program	55,960	-	55,960	-	-	
Aging Programs	1,094,129	-	1,094,129	-	-	
General Fund	<u>2,322,635</u>	<u>2,467,780</u>	<u>430,842</u>	<u>575,987</u>	<u>575,987</u>	
Total primary government	<u>\$24,390,991</u>	<u>\$ 2,467,780</u>	<u>\$ 22,499,198</u>	<u>\$ 575,987</u>	<u>\$ 575,987</u>	
Component Units						
Housing	<u>\$ 9,363,910</u>	<u>\$ 8,296,530</u>	<u>\$ 28,586</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,038,794)</u>
				575,987	575,987	(1,038,794)
				15,049,612	15,049,612	(19,798,113)
				-	-	(43,206)
				<u>\$15,625,599</u>	<u>\$15,625,599</u>	<u>\$(20,880,113)</u>

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Balance Sheet - Governmental Funds
June 30, 2021

	General Fund	Special Revenue Fund	Totals
ASSETS			
Current Assets			
Cash	\$ 4,123,802	\$ -	\$ 4,123,802
Certificate of deposit	392,913	-	392,913
Accounts receivable	733,870	-	733,870
Due from component units and other	157,307	-	157,307
Grants receivable	-	1,617,872	1,617,872
Prepays	-	289	289
Due from grant funds	1,422,136	-	1,422,136
Total current assets	6,830,028	1,618,161	8,448,189
Total assets	\$ 6,830,028	\$ 1,618,161	\$ 8,448,189
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ 193,754	\$ 193,754
Accrued payroll and other accruals	634,587	-	634,587
Other payable	1,886	-	1,886
Due to general fund	-	1,422,136	1,422,136
Accrued leave	238,630	-	238,630
Total liabilities	875,103	1,615,890	2,490,993
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	2,271	2,271
Total deferred inflows of resources	-	2,271	2,271
Fund Balances			
Nonspendable:			
Prepays	-	289	289
Restricted for:			
Santa Fund	79,417	-	79,417
Assigned to:			
Volunteer Housing	3,996,458	-	3,996,458
Unassigned:	1,879,050	(289)	1,878,761
Total fund balances	5,954,925	-	5,954,925
Total liabilities, deferred inflows of resources and fund balances	\$ 6,830,028	\$ 1,618,161	\$ 8,448,189

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances	\$ 5,954,925
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	7,218,277
Net pension asset and applicable deferred outflows of resources and deferred inflows of resources used in governmental activities are not financial resources and therefore are not reported in the funds.	2,452,397
Net position of governmental activities	\$ 15,625,599

See accompanying notes to the financial statements.

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Totals
REVENUES			
Federal financial assistance	-	21,821,057	\$ 21,821,057
State financial assistance	-	247,299	247,299
Local contributions	430,842	-	430,842
Program income	15,044	-	15,044
Other income	2,452,736	-	2,452,736
	<u>2,898,622</u>	<u>22,068,356</u>	<u>24,966,978</u>
Total revenues	<u>2,898,622</u>	<u>22,068,356</u>	<u>24,966,978</u>
EXPENDITURES			
Salaries and wages	1,499,133	7,983,842	9,482,975
Fringe benefits	290,812	1,588,367	1,879,179
Professional services	3,942	63,778	67,720
Supplies	103,984	1,435,743	1,539,727
Communications	12,365	257,207	269,572
Postage and shipping	6,877	45,172	52,049
Occupancy	39,382	942,551	981,933
Equipment rental/maintenance	3,060	21,609	24,669
Printing and publications	16,932	115,583	132,515
Travel	48,541	173,427	221,968
Staff development and training	3,411	52,905	56,316
Insurance	27,680	93,618	121,298
Assistance to individuals	254,630	6,404,286	6,658,916
Contracted services	14,349	129,393	143,742
Raw food	17	1,089,103	1,089,120
Miscellaneous	(14,366)	133,287	118,921
Capital expenditure	22,923	612,060	634,983
Indirect costs	173,898	926,425	1,100,323
	<u>2,507,570</u>	<u>22,068,356</u>	<u>24,575,926</u>
Total expenditures	<u>2,507,570</u>	<u>22,068,356</u>	<u>24,575,926</u>
Revenues over expenditures	391,052	-	391,052
Fund balance, beginning of year	<u>5,563,873</u>	<u>-</u>	<u>5,563,873</u>
Fund balance, end of year	<u>\$ 5,954,925</u>	<u>\$ -</u>	<u>\$ 5,954,925</u>

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Statement of Activities
Year Ended June 30, 2021

Net change in fund balances - total governmental funds	\$ 391,052
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in pension assets and expenditures that are deferred or capitalized for the statement of activities.	(192,064)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	<u>376,999</u>
Change in net position of governmental activities	<u>\$ 575,987</u>

Douglas-Cherokee Economic Authority, Inc.
Component Units Balance Sheets
June 30, 2021

	Appalachian Homes for Elderly, Inc.	Aspen Homes for Elderly, Inc.	Aztex Homes for Elderly, Inc.	Brookhaven Homes for Elderly, Inc.	Cambridge Homes for Elderly, Inc.	Chatham Homes for Elderly, Inc.	Columbia Homes for Elderly, Inc.	Crockett Homes for Elderly, Inc.	Cumberland Homes for Elderly, Inc.	East Tennessee Homes for Elderly, Inc.	Greystone Homes for Elderly, Inc.	Heartland Homes for Elderly, Inc.	Hermitage Homes for Elderly, Inc.	Holston Homes for Elderly	Horizon Homes for Elderly, Inc.
Current Assets															
Cash	\$ 1,346	\$ 3,658	\$ 8,747	\$ 5,768	\$ 8,150	\$ 11,420	\$ 8,189	\$ 7,381	\$ 8,402	\$ 47,547	\$ 3,280	\$ 4,427	\$ 12,744	\$ 85,876	\$ 18,043
Prepaid Expenses	5,751	9,949	842	4,729	1,609	3,307	261	538	2,954	17,464	2,672	2,295	3,517	30,782	4,032
Grant Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	6,809	-
Accounts Receivable	-	5,742	-	692	-	-	-	491	-	-	-	9,019	-	-	-
Total Current Assets	<u>7,097</u>	<u>19,349</u>	<u>9,589</u>	<u>11,189</u>	<u>9,759</u>	<u>14,727</u>	<u>8,450</u>	<u>8,410</u>	<u>11,356</u>	<u>65,011</u>	<u>5,952</u>	<u>15,741</u>	<u>16,261</u>	<u>123,467</u>	<u>22,075</u>
Deposits Held in Trust															
Tenant Security Deposits	11,067	12,370	4,223	11,131	3,308	5,744	3,125	10,229	7,387	21,798	4,138	16,512	3,090	30,038	4,753
Deposits and Reserves															
Mortgage Escrow Deposits	10,989	8,321	2,286	8,895	414	5,755	3,784	16,525	7,427	32,433	4,809	18,963	375	22,292	3,391
Replacements Reserve-Securities	121,285	236,143	44,120	51,803	23,711	124,965	49,530	101,150	37,616	197,116	87,819	109,932	64,658	505,249	120,774
Replacement Reserve Berkadia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Berkadia Residual Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repair Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Residual Receipts Reserve	-	-	-	-	2,755	5,005	2,750	9,503	2,737	9,351	3,750	13,762	3,001	20,237	4,837
Service Coordinator Reserve	-	-	-	-	-	-	-	-	-	74,224	-	-	-	-	-
Total Deposits	<u>143,341</u>	<u>256,834</u>	<u>50,629</u>	<u>71,829</u>	<u>30,188</u>	<u>141,469</u>	<u>59,189</u>	<u>137,407</u>	<u>55,167</u>	<u>334,922</u>	<u>100,516</u>	<u>159,169</u>	<u>71,124</u>	<u>577,816</u>	<u>133,755</u>
Property and Equipment															
Land	90,000	120,243	-	85,000	27,448	105,000	37,030	251,500	52,450	247,427	55,500	277,531	56,000	314,347	41,969
Buildings	2,083,459	1,546,948	1,172,309	2,738,169	633,720	1,875,523	574,076	2,338,898	1,379,133	3,609,684	876,873	2,559,136	716,955	4,153,802	1,040,131
Furnishings and equipment	10,609	39,309	1,134	12,703	23,912	11,832	40,266	104,460	6,740	57,501	3,577	12,055	1,059	39,499	47,411
Total P&E	<u>2,184,068</u>	<u>1,706,500</u>	<u>1,173,443</u>	<u>2,835,872</u>	<u>685,080</u>	<u>1,992,355</u>	<u>651,372</u>	<u>2,694,858</u>	<u>1,438,323</u>	<u>3,914,612</u>	<u>935,950</u>	<u>2,848,722</u>	<u>774,014</u>	<u>4,507,648</u>	<u>1,129,511</u>
Accumulated Depreciation	<u>(1,047,662)</u>	<u>(1,054,093)</u>	<u>(332,471)</u>	<u>(1,376,065)</u>	<u>(315,708)</u>	<u>(617,416)</u>	<u>(313,003)</u>	<u>(998,484)</u>	<u>(1,438,943)</u>	<u>(2,203,779)</u>	<u>(337,978)</u>	<u>(1,656,113)</u>	<u>(285,849)</u>	<u>(2,683,177)</u>	<u>(568,075)</u>
Net Property & Equipment	<u>1,136,406</u>	<u>652,407</u>	<u>840,972</u>	<u>1,459,807</u>	<u>369,372</u>	<u>1,374,939</u>	<u>338,369</u>	<u>1,696,374</u>	<u>679,380</u>	<u>1,710,833</u>	<u>597,972</u>	<u>1,192,609</u>	<u>488,165</u>	<u>1,824,471</u>	<u>561,436</u>
Construction in Progress	-	-	-	-	-	-	25,350	-	-	-	-	-	9,900	-	-
Other Assets	-	-	-	-	-	-	-	-	-	4,500	-	5,990	2,100	1,600	-
Total Assets	<u>\$ 1,286,844</u>	<u>\$ 928,590</u>	<u>\$ 901,190</u>	<u>\$ 1,542,825</u>	<u>\$ 409,319</u>	<u>\$ 1,531,135</u>	<u>\$ 431,358</u>	<u>\$ 1,842,191</u>	<u>\$ 745,903</u>	<u>\$ 2,115,266</u>	<u>\$ 704,440</u>	<u>\$ 1,373,509</u>	<u>\$ 587,550</u>	<u>\$ 2,527,354</u>	<u>\$ 717,266</u>
Current Liabilities															
Accounts Payable	\$ 8,579	\$ 18,664	\$ 5,625	\$ 14,990	\$ 3,707	\$ 10,633	\$ 32,008	\$ 13,104	\$ 8,695	\$ 30,912	\$ 9,901	\$ 16,690	\$ 14,873	\$ 40,547	\$ 14,669
Accrued Management Fees	2,047	4,694	173	7,160	711	1,339	530	1,474	1,422	3,137	703	2,614	643	7,620	1,038
Accrued Interest Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	8,350	-
Service Coordinator Prepayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued Service Coordinator Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued Property Tax	8,444	6,395	2,500	9,062	-	4,036	-	9,218	5,150	6,848	3,859	11,752	-	15,377	4,151
Mortgage Payable (short term)	-	-	-	-	-	-	-	-	-	71,924	-	-	-	77,803	-
Advances from Management	-	-	-	3,000	-	-	-	-	-	-	-	-	-	-	-
Excess Project Fund-Residual receipts available for recapture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	87
FHLB grant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	<u>19,070</u>	<u>29,753</u>	<u>8,298</u>	<u>34,212</u>	<u>4,418</u>	<u>16,008</u>	<u>32,538</u>	<u>23,796</u>	<u>15,267</u>	<u>112,821</u>	<u>14,463</u>	<u>31,056</u>	<u>15,516</u>	<u>149,697</u>	<u>19,945</u>
Deposits Liabilities															
Tenant Security Deposits	11,067	12,370	4,223	11,131	3,308	5,744	3,125	10,229	7,387	21,798	4,138	16,512	3,090	30,038	4,753
Long Term Liabilities															
Mortgage Payable	-	-	-	-	-	-	-	-	-	2,860,503	-	-	-	3,251,180	-
THDA Capital Advance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HUD Capital Advance	-	-	-	-	-	-	-	2,540,400	-	-	-	-	-	-	-
Capital Advance	2,063,300	1,717,900	1,130,800	2,751,200	639,500	1,962,500	610,600	-	1,338,800	-	934,300	2,556,000	764,500	-	1,050,000
Accounts Payable Long Term	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances, Long-Term	-	-	-	14,564	-	-	-	-	-	-	-	-	-	-	-
FHLB Grant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Advances and Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Liabilities	<u>2,063,300</u>	<u>1,717,900</u>	<u>1,130,800</u>	<u>2,765,764</u>	<u>639,500</u>	<u>1,962,500</u>	<u>610,600</u>	<u>2,540,400</u>	<u>1,338,800</u>	<u>2,860,503</u>	<u>934,300</u>	<u>2,556,000</u>	<u>764,500</u>	<u>3,251,180</u>	<u>1,050,000</u>
Total Liabilities	<u>2,093,437</u>	<u>1,760,023</u>	<u>1,143,321</u>	<u>2,811,107</u>	<u>647,226</u>	<u>1,984,252</u>	<u>646,263</u>	<u>2,574,425</u>	<u>1,361,454</u>	<u>2,995,122</u>	<u>952,901</u>	<u>2,603,568</u>	<u>783,106</u>	<u>3,430,915</u>	<u>1,074,698</u>
Net Assets (Deficit)	<u>(806,593)</u>	<u>(831,433)</u>	<u>(242,131)</u>	<u>(1,268,282)</u>	<u>(237,907)</u>	<u>(453,117)</u>	<u>(214,905)</u>	<u>(732,234)</u>	<u>(615,551)</u>	<u>(879,856)</u>	<u>(248,461)</u>	<u>(1,230,059)</u>	<u>(195,556)</u>	<u>(903,561)</u>	<u>(357,432)</u>
Total Liabilities and Net Assets	<u>\$ 1,286,844</u>	<u>\$ 928,590</u>	<u>\$ 901,190</u>	<u>\$ 1,542,825</u>	<u>\$ 409,319</u>	<u>\$ 1,531,135</u>	<u>\$ 431,358</u>	<u>\$ 1,842,191</u>	<u>\$ 745,903</u>	<u>\$ 2,115,266</u>	<u>\$ 704,440</u>	<u>\$ 1,373,509</u>	<u>\$ 587,550</u>	<u>\$ 2,527,354</u>	<u>\$ 717,266</u>

See accompanying notes to the financial statements.

(continued)

Douglas-Cherokee Economic Authority, Inc.
Component Units Balance Sheets
June 30, 2021

	Landmark Homes for Elderly, Inc.	Monticello Homes for the Elderly, Inc.	Mountainview Homes for Elderly, Inc.	Overlook Senior Citizens Housing of Knox County, Inc.	Oxford Homes for Elderly, Inc.	Paragon Homes for Elderly, Inc.	Phoenix Homes for Elderly, Inc.	Portage Homes for Elderly, Inc.	Riverton Homes for Elderly, Inc.	Sierra Homes for Elderly, Inc.	Stanford Homes for Elderly, Inc.	Stockbridge Homes for Elderly, Inc.	Summit Homes for Elderly, Inc.	Trinity Homes for the Elderly, Inc.	Volunteer Homes for Elderly, Inc.
Current Assets															
Cash	\$ 5,709	\$ 15,992	\$ 3,812	\$ 63,230	\$ 4,103	\$ 6,281	\$ 22,703	\$ 2,762	\$ 5,623	\$ 18,863	\$ 1,408	\$ 1,361	\$ 3,019	\$ 6,720	\$ 29,970
Prepaid Expenses	2,802	3,632	2,152	9,391	672	2,238	3,171	6,161	2,589	1,276	1,790	-	556	6,775	27,649
Grant Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Receivable	737	-	1,283	1,796	4,553	-	-	-	-	-	-	-	789	-	-
Total Current Assets	<u>9,248</u>	<u>19,624</u>	<u>7,247</u>	<u>74,417</u>	<u>9,328</u>	<u>8,519</u>	<u>25,874</u>	<u>8,923</u>	<u>8,212</u>	<u>20,139</u>	<u>3,198</u>	<u>1,361</u>	<u>4,364</u>	<u>13,495</u>	<u>57,619</u>
Deposits Held in Trust															
Tenant Security Deposits	6,293	4,026	5,165	25,550	3,224	2,953	8,304	5,710	3,678	5,702	11,952	1,398	2,296	14,361	27,587
Deposits and Reserves															
Mortgage Escrow Deposits	8,295	3,066	4,120	43,405	2,743	1,144	8,318	6,259	1,273	5,408	13,410	1,389	574	7,433	31,539
Replacements Reserve-Securities	39,353	244,694	65,864	485,317	51,852	41,100	57,220	121,370	64,933	63,817	75,118	31,383	44,152	86,233	409,932
Replacement Reserve Berkadia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Berkadia Residual Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repair Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	53,750	-
Residual Receipts Reserve	-	3,750	-	23,763	3,002	2,753	3,833	5,003	3,080	6,001	9,011	1,466	-	12,759	49,970
Service Coordinator Reserve	-	-	-	169,613	7,488	-	-	-	-	-	35,240	-	-	-	-
Total Deposits	<u>53,941</u>	<u>255,536</u>	<u>75,149</u>	<u>747,648</u>	<u>68,309</u>	<u>47,950</u>	<u>77,675</u>	<u>138,342</u>	<u>72,964</u>	<u>80,928</u>	<u>144,731</u>	<u>35,636</u>	<u>47,022</u>	<u>174,536</u>	<u>519,028</u>
Property and Equipment															
Land	67,355	50,020	40,000	270,560	25,700	55,995	85,979	17,260	11,369	54,763	175,000	25,000	55,000	245,000	340,765
Buildings	1,053,874	1,304,119	815,176	4,483,532	622,967	581,292	1,597,290	1,777,609	935,656	1,157,335	2,363,180	534,129	779,933	3,076,649	4,973,964
Furnishings and equipment	23,131	7,764	23,837	46,240	24,382	19,293	11,553	43,010	22,051	14,391	45,637	793	6,383	110,062	326,577
Total P&E	<u>1,144,360</u>	<u>1,361,903</u>	<u>879,013</u>	<u>4,800,332</u>	<u>673,049</u>	<u>656,580</u>	<u>1,694,822</u>	<u>1,837,879</u>	<u>969,076</u>	<u>1,226,489</u>	<u>2,583,817</u>	<u>559,922</u>	<u>841,316</u>	<u>3,431,711</u>	<u>5,641,306</u>
Accumulated Depreciation	<u>(660,325)</u>	<u>(428,869)</u>	<u>(492,496)</u>	<u>(2,560,075)</u>	<u>(318,008)</u>	<u>(330,653)</u>	<u>(850,254)</u>	<u>(539,187)</u>	<u>(322,055)</u>	<u>(693,414)</u>	<u>(1,056,094)</u>	<u>(137,499)</u>	<u>(217,613)</u>	<u>(1,176,034)</u>	<u>(3,400,706)</u>
Net Property & Equipment	<u>484,035</u>	<u>933,034</u>	<u>386,517</u>	<u>2,240,257</u>	<u>355,041</u>	<u>325,927</u>	<u>844,568</u>	<u>1,298,692</u>	<u>647,021</u>	<u>533,075</u>	<u>1,527,723</u>	<u>422,423</u>	<u>623,703</u>	<u>2,255,677</u>	<u>2,240,600</u>
Construction in Progress	-	3,372	-	12,784	-	-	-	-	-	-	-	-	-	3,420	-
Other Assets	-	-	435	-	-	60	-	5,000	2,600	-	-	-	-	5,500	3,220
Total Assets	<u>\$ 547,224</u>	<u>\$ 1,211,566</u>	<u>\$ 469,348</u>	<u>\$ 3,075,106</u>	<u>\$ 432,678</u>	<u>\$ 382,456</u>	<u>\$ 948,117</u>	<u>\$ 1,450,957</u>	<u>\$ 730,797</u>	<u>\$ 634,142</u>	<u>\$ 1,675,652</u>	<u>\$ 459,420</u>	<u>\$ 675,089</u>	<u>\$ 2,452,628</u>	<u>\$ 2,820,467</u>
Current Liabilities															
Accounts Payable	\$ 7,627	\$ 13,390	\$ 8,726	\$ 49,134	\$ 6,664	\$ 4,336	\$ 13,322	\$ 6,134	\$ 4,824	\$ 18,973	\$ 10,348	\$ 3,445	\$ 8,411	\$ 27,918	\$ 49,680
Accrued Management Fees	1,284	735	11,664	3,771	8,319	626	2,278	768	706	1,617	1,820	247	13,616	7,071	5,887
Accrued Interest Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service Coordinator Prepayment	-	-	-	108,876	6,754	-	-	-	-	-	33,276	-	-	-	-
Accrued Service Coordinator Expenses	-	-	-	115	716	-	-	-	-	-	1,606	-	-	-	-
Accrued Property Tax	5,570	2,959	2,769	1,564	-	-	6,232	4,387	-	3,744	8,838	-	-	6,635	1,376
Mortgage Payable (short term)	-	-	-	74,925	-	-	-	-	-	-	-	-	-	-	101,449
Advances from Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Excess Project Fund-Residual receipts available for recapture	-	-	-	8,774	-	-	-	-	-	-	-	-	-	-	-
FHLB grant	-	-	-	-	-	-	-	-	-	-	-	-	-	100,000	-
Total Current Liabilities	<u>14,481</u>	<u>17,084</u>	<u>23,159</u>	<u>247,159</u>	<u>22,453</u>	<u>4,962</u>	<u>21,832</u>	<u>11,289</u>	<u>5,530</u>	<u>24,334</u>	<u>55,888</u>	<u>3,692</u>	<u>22,027</u>	<u>141,624</u>	<u>158,392</u>
Deposits Liabilities															
Tenant Security Deposits	6,293	4,026	5,165	25,550	3,224	2,953	8,304	5,710	3,678	5,702	11,952	1,398	2,296	14,361	27,587
Long Term Liabilities															
Mortgage Payable	-	-	-	3,545,846	-	-	-	-	-	-	-	-	-	-	3,923,597
THDA Capital Advance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HUD Capital Advance	-	-	-	-	655,400	586,600	-	1,804,700	972,200	-	2,591,700	-	-	3,270,300	-
Capital Advance	1,062,100	1,494,100	858,500	-	-	-	1,532,200	-	-	1,146,200	-	557,200	811,800	-	-
Accounts Payable Long Term	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances, Long-Term	-	-	-	-	-	-	-	-	-	-	-	-	17,166	-	-
FHLB Grant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Advances and Loans	-	-	-	-	-	-	70,517	-	-	-	-	-	-	-	-
Total Long Term Liabilities	<u>1,062,100</u>	<u>1,494,100</u>	<u>858,500</u>	<u>3,545,846</u>	<u>655,400</u>	<u>586,600</u>	<u>1,532,200</u>	<u>1,875,217</u>	<u>972,200</u>	<u>1,146,200</u>	<u>2,591,700</u>	<u>557,200</u>	<u>828,966</u>	<u>3,270,300</u>	<u>3,923,597</u>
Total Liabilities	<u>1,082,874</u>	<u>1,515,210</u>	<u>886,824</u>	<u>3,818,555</u>	<u>681,077</u>	<u>594,515</u>	<u>1,562,336</u>	<u>1,892,216</u>	<u>981,408</u>	<u>1,176,236</u>	<u>2,659,540</u>	<u>562,290</u>	<u>853,289</u>	<u>3,426,285</u>	<u>4,109,576</u>
Net Assets (Deficit)	<u>(535,650)</u>	<u>(303,644)</u>	<u>(417,476)</u>	<u>(743,449)</u>	<u>(248,399)</u>	<u>(212,059)</u>	<u>(614,219)</u>	<u>(441,259)</u>	<u>(250,611)</u>	<u>(542,094)</u>	<u>(983,888)</u>	<u>(102,870)</u>	<u>(178,200)</u>	<u>(973,657)</u>	<u>(1,289,109)</u>
Total Liabilities and Net Assets	<u>\$ 547,224</u>	<u>\$ 1,211,566</u>	<u>\$ 469,348</u>	<u>\$ 3,075,106</u>	<u>\$ 432,678</u>	<u>\$ 382,456</u>	<u>\$ 948,117</u>	<u>\$ 1,450,957</u>	<u>\$ 730,797</u>	<u>\$ 634,142</u>	<u>\$ 1,675,652</u>	<u>\$ 459,420</u>	<u>\$ 675,089</u>	<u>\$ 2,452,628</u>	<u>\$ 2,820,467</u>

See accompanying notes to the financial statements.

(continued)

Douglas-Cherokee Economic Authority, Inc.
Component Units Balance Sheets
June 30, 2021

	Volunteer Housing Development Corporation	Volunteer Residences - Two, Inc	Volunteer Housing - Gateway Village Apartments	Volunteer Housing - Breckenridge Apartments	Volunteer Housing Development Corporation - Heritage Hills	Volunteer Housing - Mill Creek Apartments	Volunteer Housing - Old Saybrook Apartments	Volunteer Housing - Lakeway Annex Apartments	Volunteer Residences-One, Inc.	Waterford Homes for Elderly, Inc.	Wellington Homes for Elderly, Inc.	Woodbridge Homes for Elderly, Inc.	Highland Homes for the Elderly, Inc	Volunteer Housing Development Corporation - McElhaney Glen Apartments	Total
Current Assets															
Cash	\$ 90,270	\$ 46,781	\$ 132,419	\$ 1,926	\$ 2,535	\$ 6,663	\$ 5,559	\$ 3,876	\$ 1,821	\$ 2,622	\$ 2,532	\$ 27,494	\$ 546	\$ 33,644	\$ 785,222
Prepaid Expenses	-	33,186	6,027	163	748	2,060	628	1,047	3,923	866	1,708	6,258	3,004	2,679	223,853
Grant Receivable	23,581	1,535	-	-	-	-	-	-	-	-	-	-	-	-	31,925
Accounts Receivable	12,543	-	-	1,298	6,318	1,643	3,823	-	-	-	-	-	-	-	50,727
Total Current Assets	<u>126,394</u>	<u>81,502</u>	<u>138,446</u>	<u>3,387</u>	<u>9,601</u>	<u>10,366</u>	<u>10,010</u>	<u>4,923</u>	<u>5,744</u>	<u>3,488</u>	<u>4,240</u>	<u>33,752</u>	<u>3,550</u>	<u>36,323</u>	<u>1,091,727</u>
Deposits Held in Trust															
Tenant Security Deposits	-	26,180	7,083	3,272	4,919	3,394	12,490	3,897	8,115	10,786	3,724	5,919	2,499	3,401	372,791
Deposits and Reserves															
Mortgage Escrow Deposits	-	25,815	3,209	4,387	8,926	4,263	18,235	977	7,063	14,485	2,522	4,723	691	986	381,317
Replacements Reserve-Securities	-	-	247,189	20,445	35,598	108,546	2,956	3,386	45,921	65,832	40,663	93,873	157,025	12,703	4,592,346
Replacement Reserve Berkadia	-	607,776	-	-	-	-	-	-	-	-	-	-	-	-	607,776
Berkadia Residual Receipts	-	8,598	-	-	-	-	-	-	-	-	-	-	-	-	8,598
Repair Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	53,750
Residual Receipts Reserve	-	-	24,490	-	-	-	-	-	-	-	-	5,751	2,945	-	235,265
Service Coordinator Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	286,565
Total Deposits	<u>-</u>	<u>668,369</u>	<u>281,971</u>	<u>28,104</u>	<u>49,443</u>	<u>116,203</u>	<u>33,681</u>	<u>8,260</u>	<u>61,099</u>	<u>91,103</u>	<u>46,909</u>	<u>110,266</u>	<u>163,160</u>	<u>17,090</u>	<u>6,538,408</u>
Property and Equipment															
Land	144,220	216,603	63,117	79,978	39,300	-	54,150	-	54,300	80,044	25,075	73,500	62,230	150,270	4,323,998
Buildings	532,623	4,919,537	781,279	834,015	1,163,245	868,323	1,572,544	878,685	1,274,893	2,266,059	574,434	1,229,885	1,046,284	1,068,855	72,366,182
Furnishings and equipment	7,818	253,276	215,240	5,191	25,562	24,066	107,297	1,100	49,020	14,116	38,197	5,063	3,530	42,504	1,929,151
Total P&E	<u>684,661</u>	<u>5,389,416</u>	<u>1,059,636</u>	<u>919,184</u>	<u>1,228,107</u>	<u>892,389</u>	<u>1,733,991</u>	<u>879,785</u>	<u>1,378,213</u>	<u>2,360,219</u>	<u>637,706</u>	<u>1,308,448</u>	<u>1,112,044</u>	<u>1,261,629</u>	<u>78,619,331</u>
Accumulated Depreciation	<u>(246,525)</u>	<u>(3,626,719)</u>	<u>(920,433)</u>	<u>(357,641)</u>	<u>(758,957)</u>	<u>(525,761)</u>	<u>(1,006,181)</u>	<u>(258,225)</u>	<u>(831,221)</u>	<u>(985,245)</u>	<u>(380,859)</u>	<u>(669,691)</u>	<u>(213,232)</u>	<u>(203,542)</u>	<u>(38,716,330)</u>
Net Property & Equipment	<u>438,136</u>	<u>1,762,697</u>	<u>139,203</u>	<u>561,543</u>	<u>469,150</u>	<u>366,628</u>	<u>727,810</u>	<u>621,560</u>	<u>546,992</u>	<u>1,374,974</u>	<u>256,847</u>	<u>638,757</u>	<u>898,812</u>	<u>1,058,087</u>	<u>39,903,001</u>
Construction in Progress	-	-	-	-	-	-	-	-	-	-	-	6,536	-	-	61,362
Other Assets	362,786	-	86	-	1,361	1,497	-	-	-	-	825	-	-	17,375	414,935
Total Assets	<u>\$ 927,316</u>	<u>\$ 2,512,568</u>	<u>\$ 559,706</u>	<u>\$ 593,034</u>	<u>\$ 529,555</u>	<u>\$ 494,694</u>	<u>\$ 771,501</u>	<u>\$ 634,743</u>	<u>\$ 613,835</u>	<u>\$ 1,469,565</u>	<u>\$ 308,821</u>	<u>\$ 789,311</u>	<u>\$ 1,065,522</u>	<u>\$ 1,128,875</u>	<u>\$ 48,009,433</u>
Current Liabilities															
Accounts Payable	\$ 65,217	\$ 35,498	\$ 7,984	\$ 3,876	\$ 4,791	\$ 6,295	\$ 61,754	\$ 3,947	\$ 28,218	\$ 24,733	\$ 6,119	\$ 23,899	\$ 4,180	\$ 3,751	756,791
Accrued Management Fees	-	9,095	408	114	388	135	193,828	516	12,852	7,968	786	1,654	1,019	413	324,890
Accrued Interest Payable	-	-	-	-	862	1,041	1,374	-	-	-	-	-	-	-	11,627
Service Coordinator Prepayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	148,906
Accrued Service Coordinator Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,437
Accrued Property Tax	-	-	-	-	3,450	-	14,585	-	5,540	8,011	-	5,852	-	-	168,304
Mortgage Payable (short term)	-	83,924	-	17,230	16,019	9,753	22,681	10,613	-	-	-	-	-	16,323	502,644
Advances from Management	-	-	-	3,000	6,000	-	-	6,000	-	-	-	-	-	-	18,000
Excess Project Fund-Residual receipts available for recapture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,861
FHLB grant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100,000
Total Current Liabilities	<u>65,217</u>	<u>128,517</u>	<u>8,392</u>	<u>24,220</u>	<u>31,510</u>	<u>17,224</u>	<u>294,222</u>	<u>21,076</u>	<u>46,610</u>	<u>40,712</u>	<u>6,905</u>	<u>31,405</u>	<u>5,199</u>	<u>20,487</u>	<u>2,042,460</u>
Deposits Liabilities															
Tenant Security Deposits	-	26,180	7,083	3,272	4,919	3,394	12,490	3,897	8,115	10,786	3,724	5,919	2,499	3,401	372,791
Long Term Liabilities															
Mortgage Payable	-	3,325,440	-	46,073	803,294	746,635	1,249,196	88,715	-	-	-	-	-	305,112	20,145,591
THDA Capital Advance	-	-	-	500,000	-	-	-	500,000	-	-	-	-	-	500,000	1,500,000
HUD Capital Advance	-	-	-	-	-	-	-	-	1,373,800	-	-	-	1,184,900	-	14,980,000
Capital Advance	-	-	-	-	-	-	-	-	-	2,191,300	603,600	1,215,000	-	-	28,991,400
Accounts Payable Long Term	199,658	-	-	-	-	-	-	-	-	-	-	-	-	-	199,658
Advances, Long-Term	-	-	-	69,578	-	-	238,821	8,500	-	-	-	-	-	-	348,629
FHLB Grant	-	-	-	-	-	-	-	-	-	-	-	-	-	220,000	220,000
Other Advances and Loans	-	-	-	-	18,500	-	-	-	-	-	-	-	-	-	89,017
Total Long Term Liabilities	<u>199,658</u>	<u>3,325,440</u>	<u>-</u>	<u>615,651</u>	<u>821,794</u>	<u>746,635</u>	<u>1,488,017</u>	<u>597,215</u>	<u>1,373,800</u>	<u>2,191,300</u>	<u>603,600</u>	<u>1,215,000</u>	<u>1,184,900</u>	<u>1,025,112</u>	<u>66,474,295</u>
Total Liabilities	<u>264,875</u>	<u>3,480,137</u>	<u>15,475</u>	<u>643,143</u>	<u>858,223</u>	<u>767,253</u>	<u>1,794,729</u>	<u>622,188</u>	<u>1,428,525</u>	<u>2,242,798</u>	<u>614,229</u>	<u>1,252,324</u>	<u>1,192,598</u>	<u>1,049,000</u>	<u>68,889,546</u>
Net Assets (Deficit)	<u>662,441</u>	<u>(967,569)</u>	<u>544,231</u>	<u>(50,109)</u>	<u>(328,668)</u>	<u>(272,559)</u>	<u>(1,023,228)</u>	<u>12,555</u>	<u>(814,690)</u>	<u>(773,233)</u>	<u>(305,408)</u>	<u>(463,013)</u>	<u>(127,076)</u>	<u>79,875</u>	<u>(20,880,113)</u>
Total Liabilities and Net Assets	<u>\$ 927,316</u>	<u>\$ 2,512,568</u>	<u>\$ 559,706</u>	<u>\$ 593,034</u>	<u>\$ 529,555</u>	<u>\$ 494,694</u>	<u>\$ 771,501</u>	<u>\$ 634,743</u>	<u>\$ 613,835</u>	<u>\$ 1,469,565</u>	<u>\$ 308,821</u>	<u>\$ 789,311</u>	<u>\$ 1,065,522</u>	<u>\$ 1,128,875</u>	<u>48,009,433</u>

See accompanying notes to the financial statements.

(continued)

Douglas-Cherokee Economic Authority, Inc.-
Component Units
Statements of Activities
Year Ended June 30, 2021

	Appalachian Homes for Elderly, Inc.	Aspen Homes for Elderly, Inc.	Aztex Homes for Elderly, Inc.	Brookhaven Homes for Elderly, Inc.	Cambridge Homes for Elderly, Inc.	Chatham Homes for Elderly, Inc.	Columbia Homes for Elderly, Inc.	Crockett Homes for Elderly, Inc.	Cumberland Homes for Elderly, Inc.	East Tennessee Homes for Elderly	Greystone Homes for Elderly, Inc.	Heartland Homes for Elderly, Inc.
Revenues												
Rent Revenue less vacancies	\$ 154,928	\$ 238,056	\$ 72,244	\$ 224,452	\$ 63,303	\$ 106,824	\$ 64,380	\$ 152,910	\$ 148,479	\$ 554,424	\$ 72,052	\$ 262,166
Management Fee	-	-	-	-	-	-	-	-	-	-	-	-
Financial Revenue	36	1,847	37	21	6	316	11	31	5	127	26	23
Other Revenue	519	2,205	244	2,755	221	900	91	51,203	1,423	4,803	759	1,182
Total Revenues	155,483	242,108	72,525	227,228	63,530	108,040	64,482	204,144	149,907	559,354	72,837	263,371
Administrative Expense	46,353	55,955	20,635	66,304	18,546	25,608	15,454	39,696	41,603	111,674	23,901	69,999
Utilities Expense	34,506	89,086	21,578	60,677	17,387	34,519	17,640	44,912	25,709	94,166	15,560	65,407
Operating and Maintenance Expense	52,461	68,339	10,427	60,455	10,322	26,677	11,995	44,150	30,850	100,318	28,913	65,374
Taxes and Insurance Expense	20,274	24,139	9,309	25,825	4,144	10,630	5,287	23,258	18,561	36,155	8,765	29,753
Financial Expenses	-	-	-	-	-	-	-	-	-	134,486	-	-
Amortization	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	55,215	42,719	31,692	74,821	19,543	48,410	19,387	78,953	40,575	102,336	22,134	79,648
Total Expenses	208,809	280,238	93,641	288,082	69,942	145,844	69,763	230,969	157,298	579,135	99,273	310,181
Contributed Capital	-	-	-	-	-	-	-	-	-	-	-	-
Change in unrestricted net assets	(53,326)	(38,130)	(21,116)	(60,854)	(6,412)	(37,804)	(5,281)	(26,825)	(7,391)	(19,781)	(26,436)	(46,810)
Unrestricted Net Assets												
(Deficit) at Beginning of Year	(753,267)	(793,303)	(221,015)	(1,207,428)	(231,495)	(415,313)	(209,624)	(705,409)	(608,160)	(860,075)	(222,025)	(1,183,249)
Prior period adjustment	-	-	-	-	-	-	-	-	-	-	-	-
(Deficit) at Beginning of Year, restated	(753,267)	(793,303)	(221,015)	(1,207,428)	(231,495)	(415,313)	(209,624)	(705,409)	(608,160)	(860,075)	(222,025)	(1,183,249)
Net Assets (Deficit) at End of Year	\$ (806,593)	\$ (831,433)	\$ (242,131)	\$ (1,268,282)	\$ (237,907)	\$ (453,117)	\$ (214,905)	\$ (732,234)	\$ (615,551)	\$ (879,856)	\$ (248,461)	\$ (1,230,059)

Douglas-Cherokee Economic Authority, Inc.-
Component Units
Statements of Activities
Year Ended June 30, 2021

	Hermitage Homes for Elderly, Inc.	Holston Homes for Elderly	Horizon Homes for Elderly, Inc.	Landmark Homes for Elderly, Inc.	Monticello Homes for the Elderly, Inc.	Mountainview Homes for Elderly, Inc.	Overlook Senior Citizens Housing of Knox County, Inc.	Oxford Homes for Elderly, Inc.	Paragon Homes for Elderly, Inc.	Phoenix Homes for Elderly, Inc.	Portage Homes for Elderly, Inc.	Riverton Homes for Elderly, Inc.
Revenues												
Rent Revenue less vacancies	\$ 63,392	\$ 712,744	\$ 102,125	\$ 100,483	\$ 76,638	\$ 97,168	\$ 699,210	\$ 64,067	\$ 63,772	\$ 171,293	\$ 84,579	\$ 63,710
Management Fee	-	-	-	-	-	-	-	-	-	-	-	-
Financial Revenue	7	183	46	5	25	13	315	25	7	16	325	6
Other Revenue	791	19,541	3,479	900	20	758	14,377	7,053	343	483	117	359
Total Revenues	<u>64,190</u>	<u>732,468</u>	<u>105,650</u>	<u>101,388</u>	<u>76,683</u>	<u>97,939</u>	<u>713,902</u>	<u>71,145</u>	<u>64,122</u>	<u>171,792</u>	<u>85,021</u>	<u>64,075</u>
Expenses												
Administrative Expense	21,158	142,022	27,835	32,434	22,200	34,773	122,213	23,331	18,872	53,805	22,216	22,093
Utilities Expense	15,388	118,133	28,221	20,453	18,426	23,753	118,332	13,065	16,842	39,790	21,714	15,057
Operating and Maintenance Expense	7,827	129,072	19,544	28,063	18,262	22,686	144,851	14,875	10,585	29,795	26,034	13,131
Taxes and Insurance Expense	5,578	61,873	11,767	16,972	8,838	10,815	35,543	4,493	5,195	20,824	14,735	5,901
Financial Expenses	-	143,198	-	-	-	-	170,146	-	-	-	-	-
Amortization	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	18,082	116,657	28,838	27,900	36,028	20,297	123,229	17,738	16,594	50,099	46,665	24,133
Total Expenses	<u>68,033</u>	<u>710,955</u>	<u>116,205</u>	<u>125,822</u>	<u>103,754</u>	<u>112,324</u>	<u>714,314</u>	<u>73,502</u>	<u>68,088</u>	<u>194,313</u>	<u>131,364</u>	<u>80,315</u>
Contributed Capital	-	-	-	3,943	-	20,705	-	-	-	-	-	-
Change in unrestricted net assets	<u>(3,843)</u>	<u>21,513</u>	<u>(10,555)</u>	<u>(20,491)</u>	<u>(27,071)</u>	<u>6,320</u>	<u>(412)</u>	<u>(2,357)</u>	<u>(3,966)</u>	<u>(22,521)</u>	<u>(46,343)</u>	<u>(16,240)</u>
Unrestricted Net Assets												
(Deficit) at Beginning of Year	(191,713)	(925,074)	(346,877)	(515,159)	(276,573)	(423,796)	(743,037)	(246,042)	(208,093)	(591,698)	(394,916)	(234,371)
Prior period adjustment	-	-	-	-	-	-	-	-	-	-	-	-
(Deficit) at Beginning of Year, restated	<u>(191,713)</u>	<u>(925,074)</u>	<u>(346,877)</u>	<u>(515,159)</u>	<u>(276,573)</u>	<u>(423,796)</u>	<u>(743,037)</u>	<u>(246,042)</u>	<u>(208,093)</u>	<u>(591,698)</u>	<u>(394,916)</u>	<u>(234,371)</u>
Net Assets (Deficit) at End of Year	<u>\$ (195,556)</u>	<u>\$ (903,561)</u>	<u>\$ (357,432)</u>	<u>\$ (535,650)</u>	<u>\$ (303,644)</u>	<u>\$ (417,476)</u>	<u>\$ (743,449)</u>	<u>\$ (248,399)</u>	<u>\$ (212,059)</u>	<u>\$ (614,219)</u>	<u>\$ (441,259)</u>	<u>\$ (250,611)</u>

Douglas-Cherokee Economic Authority, Inc.-
Component Units
Statements of Activities
Year Ended June 30, 2021

	Sierra Homes for Elderly, Inc.	Stanford Homes for Elderly, Inc.	Stockbridge Homes for Elderly, Inc.	Summit Homes for Elderly, Inc.	Trinity Homes for the Elderly, Inc.	Volunteer Homes for Elderly, Inc.	Volunteer Housing Development Corporation	Volunteer Residences-Two, Inc.	Volunteer Housing - Gateway Village Apartments	Volunteer Housing - Breckenridge Apartments	Volunteer Housing - Heritage Hills Apartments	Volunteer Housing - Mill Creek Apartments
Revenues												
Rent Revenue less vacancies	\$ 133,183	\$ 171,351	\$ 26,800	\$ 57,426	\$ 246,502	\$ 799,214	\$ -	\$ 729,163	\$ 227,179	\$ 58,135	\$ 134,343	\$ 122,770
Management Fee	-	-	-	-	-	-	127,712	-	-	-	-	-
Financial Revenue	7	50	263	261	32	205	-	294	74	2	10	45
Other Revenue	1,625	18,564	409	-	3,666	5,377	-	22,063	3,742	252	1,436	78
Total Revenues	<u>134,815</u>	<u>189,965</u>	<u>27,472</u>	<u>57,687</u>	<u>250,200</u>	<u>804,796</u>	<u>127,712</u>	<u>751,520</u>	<u>230,995</u>	<u>58,389</u>	<u>135,789</u>	<u>122,893</u>
Administrative Expense	36,646	73,537	10,421	21,288	63,204	130,476	136,798	145,858	42,650	18,445	37,572	37,448
Utilities Expense	38,132	41,708	6,159	8,177	97,012	133,994	96	130,590	18,034	5,487	9,224	29,970
Operating and Maintenance Expense	37,878	33,523	6,832	13,758	61,955	220,700	7,220	153,677	106,194	22,281	44,129	22,446
Taxes and Insurance Expense	13,996	25,522	2,609	6,816	25,047	49,043	5,908	47,205	23,055	7,373	12,221	6,364
Financial Expenses	163	-	-	-	-	146,546	-	146,746	-	1,360	10,793	12,803
Amortization	-	-	-	-	-	-	-	-	-	-	96	91
Depreciation	38,825	69,096	13,386	19,527	84,590	141,647	17,674	154,189	22,435	26,023	37,455	22,456
Total Expenses	<u>165,640</u>	<u>243,386</u>	<u>39,407</u>	<u>69,566</u>	<u>331,808</u>	<u>822,406</u>	<u>167,696</u>	<u>778,265</u>	<u>212,368</u>	<u>80,969</u>	<u>151,490</u>	<u>131,578</u>
Contributed Capital	-	-	-	-	-	-	-	-	-	-	-	-
Change in unrestricted net assets	(30,825)	(53,421)	(11,935)	(11,879)	(81,608)	(17,610)	(39,984)	(26,745)	18,627	(22,580)	(15,701)	(8,685)
Unrestricted Net Assets												
(Deficit) at Beginning of Year	(511,269)	(930,467)	(90,935)	(166,321)	(892,049)	(1,271,499)	745,631	(940,824)	525,604	(27,529)	(312,967)	(263,874)
Prior period adjustment	-	-	-	-	-	-	(43,206)	-	-	-	-	-
(Deficit) at Beginning of Year, restated	(511,269)	(930,467)	(90,935)	(166,321)	(892,049)	(1,271,499)	702,425	(940,824)	525,604	(27,529)	(312,967)	(263,874)
Net Assets (Deficit) at End of Year	\$ (542,094)	\$ (983,888)	\$ (102,870)	\$ (178,200)	\$ (973,657)	\$ (1,289,109)	\$ 662,441	\$ (967,569)	\$ 544,231	\$ (50,109)	\$ (328,668)	\$ (272,559)

Douglas-Cherokee Economic Authority, Inc.-
Component Units
Statements of Activities
Year Ended June 30, 2021

	Volunteer Housing - Old Saybrook Apartments	Volunteer Housing - Lakeway Annex Apartments	Volunteer Residences-One, Inc.	Waterford Homes for Elderly, Inc.	Wellington Homes for Elderly, Inc.	Woodbridge Homes for Elderly, Inc.	Highland Homes for the Elderly, Inc	Volunteer Housing Development Corporation - McElhaney Glen Apartments	Total
Revenues									
Rent Revenue less vacancies	\$ 171,590	\$ 47,733	\$ 157,156	\$ 178,316	\$ 66,726	\$ 131,617	\$ 48,930	\$ 55,967	\$ 7,977,500
Management Fee	-	-	-	-	-	-	-	-	127,712
Financial Revenue	2	1	20	6	4	34	45	1	4,815
Other Revenue	8,250	466	1,025	1,751	792	1,177	496	808	186,503
Total Revenues	<u>179,842</u>	<u>48,200</u>	<u>158,201</u>	<u>180,073</u>	<u>67,522</u>	<u>132,828</u>	<u>49,471</u>	<u>56,776</u>	<u>8,296,530</u>
Expenses									
Administrative Expense	58,627	10,695	46,501	63,941	22,997	36,129	16,342	9,853	2,098,108
Utilities Expense	20,354	261	69,437	50,676	16,288	24,688	12,986	9,651	1,693,245
Operating and Maintenance Expense	96,209	17,917	48,803	24,983	23,728	28,313	10,976	18,378	1,974,906
Taxes and Insurance Expense	34,529	3,941	17,633	21,099	5,665	15,483	4,613	5,041	751,797
Financial Expenses	17,332	3,450	-	-	-	-	-	-	787,023
Amortization	-	-	-	-	-	-	-	-	187
Depreciation	40,962	22,619	38,189	60,216	18,963	35,373	26,603	26,723	2,058,644
Total Expenses	<u>268,013</u>	<u>58,883</u>	<u>220,563</u>	<u>220,915</u>	<u>87,641</u>	<u>139,986</u>	<u>71,520</u>	<u>69,646</u>	<u>9,363,910</u>
Contributed Capital	-	-	-	-	3,938	-	-	-	28,586
Change in unrestricted net assets	(88,171)	(10,683)	(62,362)	(40,842)	(16,181)	(7,158)	(22,049)	(12,870)	(1,038,794)
Unrestricted Net Assets									
(Deficit) at Beginning of Year	(935,057)	23,238	(752,328)	(732,391)	(289,227)	(455,855)	(105,027)	92,745	(19,798,113)
Prior period adjustment	-	-	-	-	-	-	-	-	(43,206)
(Deficit) at Beginning of Year, restated	(935,057)	23,238	(752,328)	(732,391)	(289,227)	(455,855)	(105,027)	92,745	(19,841,319)
Net Assets (Deficit) at End of Year	\$ (1,023,228)	\$ 12,555	\$ (814,690)	\$ (773,233)	\$ (305,408)	\$ (463,013)	\$ (127,076)	\$ 79,875	\$ (20,880,113)

Douglas-Cherokee Economic Authority, Inc.-
Component Units Statements of Cash Flows
Year Ended June 30, 2021

	Appalachian Homes for Elderly, Inc.	Aspen Homes for Elderly, Inc.	Aztex Homes for Elderly, Inc.	Brookhaven Homes for Elderly, Inc.	Cambridge Homes for Elderly, Inc.	Chatham Homes for Elderly, Inc.	Columbia Homes for Elderly, Inc.	Crockett Homes for Elderly, Inc.	Cumberland Homes for Elderly, Inc.	East Tennessee Homes for Elderly	Greystone Homes for Elderly, Inc.	Heartland Homes for Elderly, Inc.	Hermitage Homes for Elderly, Inc.	Holston Homes for Elderly	Horizon Homes for Elderly, Inc.	Landmark Homes for Elderly, Inc.	Monticello Homes for the Elderly, Inc.
Cash Flows from Operating Activities																	
Cash Receipts																	
Rental Receipts	\$ 154,928	\$ 232,314	\$ 72,244	\$ 223,760	\$ 63,303	\$ 108,945	\$ 64,380	\$ 152,419	\$ 148,479	\$ 554,424	\$ 72,052	\$ 253,147	\$ 63,392	\$ 712,744	\$ 102,125	\$ 99,746	\$ 76,638
Service Coordinator Grant	-	-	-	-	-	-	-	-	-	-	-	-	-	6,962	-	-	-
Cash Management Fees	-	-	24	-	-	53	-	-	-	-	-	-	-	-	-	1	-
Other Receipts	519	2,206	244	2,755	221	900	91	1,203	1,423	4,803	759	1,182	791	6,830	995	900	20
	155,447	234,520	72,512	226,515	63,524	109,898	64,471	153,622	149,902	559,227	72,811	254,329	64,183	726,536	103,120	100,647	76,658
Cash Disbursements																	
Administrative	10,917	10,886	7,607	13,104	6,952	6,997	4,863	10,545	12,518	32,344	10,166	27,163	8,352	30,938	8,953	11,544	9,248
Management Fees	21,531	25,643	8,643	34,407	8,477	12,444	5,345	17,710	34,600	38,471	7,788	52,519	8,175	52,602	12,349	13,281	8,460
Utilities	37,062	78,809	21,690	60,149	17,769	36,320	17,489	45,748	25,826	94,909	15,427	64,015	15,525	118,482	25,683	21,292	19,252
Salaries and Wages	21,211	31,135	6,874	28,698	4,442	10,028	6,021	27,978	21,545	46,894	7,657	23,484	5,708	81,715	7,318	12,917	6,600
Operating and Maintenance	44,981	56,718	9,437	48,958	9,578	21,782	9,760	26,258	23,568	76,425	24,644	57,301	9,749	83,037	15,008	23,252	13,066
Real Estate Taxes	9,115	8,763	2,473	9,333	-	4,777	-	9,166	4,921	6,969	3,662	11,889	-	18,612	3,343	4,723	2,526
Property Insurance	8,256	10,681	4,642	6,789	3,509	4,555	3,619	7,913	7,025	19,611	4,204	12,083	3,950	25,848	5,111	7,078	3,907
Miscellaneous Taxes and Other	3,336	4,686	2,436	10,407	615	2,495	1,685	6,208	6,876	10,040	1,207	7,027	1,678	16,295	2,406	4,443	1,900
Tenant Security Deposits	306	(529)	(278)	1,481	(224)	360	(44)	(507)	(417)	240	(94)	(416)	-	(1,984)	450	(1,684)	(130)
Mortgage Ins Premium	-	-	-	-	-	-	-	-	-	18,380	-	-	-	20,543	-	-	-
Service Coordinator Expense	-	-	-	-	-	-	-	-	-	16,293	-	-	-	6,962	-	-	-
Residual Receipts Recapture	-	-	-	-	-	-	2,913	-	-	-	1,938	-	1,583	-	-	-	934
Interest on mortgage	-	-	-	-	-	-	-	-	-	113,537	-	-	-	119,884	-	-	-
	156,715	226,792	63,524	213,326	51,118	99,758	51,651	151,019	136,462	474,113	76,599	255,065	54,720	572,934	80,621	96,846	65,763
Net Cashflows from Operating Activities	(1,268)	7,728	8,988	13,189	12,406	10,140	12,820	2,603	13,440	85,114	(3,788)	(736)	9,463	153,602	22,499	3,801	10,895
Cash Flows from Investing Activities																	
Net deposits	36	1,846	13	21	6	263	11	31	5	127	26	23	7	183	46	4	25
Net purchase of fixed assets	(26,300)	-	(4,200)	(17,595)	(6,000)	(6,320)	(7,972)	(3,703)	(15,572)	(27,819)	-	(6,456)	-	(87,333)	(4,200)	(34,931)	(10,844)
Net Cashflows from Investing Activities	(26,264)	1,846	(4,187)	(17,574)	(5,994)	(6,057)	(7,961)	(3,672)	(15,567)	(27,692)	26	(6,433)	7	(87,150)	(4,154)	(34,927)	(10,819)
Cash Flows from Financing Activities																	
Mortgage principal payments	-	-	-	-	-	-	-	-	-	(51,822)	-	-	-	(63,089)	-	-	-
Mortgage financing costs	-	-	-	-	-	-	-	-	-	(10,088)	-	-	-	-	-	-	-
Advance from Management	-	-	-	(1,250)	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cashflows from Financing Activities	-	-	-	(1,250)	-	-	-	-	-	(61,910)	-	-	-	(63,089)	-	-	-
Net Increase (Decrease) in Cash	(27,532)	9,574	4,801	(5,635)	6,412	4,083	4,859	(1,069)	(2,127)	(4,488)	(3,762)	(7,169)	9,470	3,363	18,345	(31,126)	76
Cash at the Beginning of Period	172,219	250,918	54,575	83,232	31,926	148,806	62,519	145,857	65,696	386,957	107,558	170,765	74,398	660,329	133,453	90,776	271,452
Cash at End of Period	\$ 144,687	\$ 260,492	\$ 59,376	\$ 77,597	\$ 38,338	\$ 152,889	\$ 67,378	\$ 144,788	\$ 63,569	\$ 382,469	\$ 103,796	\$ 163,596	\$ 83,868	\$ 663,692	\$ 151,798	\$ 59,650	\$ 271,528
Supplemental Disclosures of Cash Flow Information:																	
Fixed assets through accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,420	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Advance from Management paid off with contributions from net assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,943	\$ -
Construction in progress in accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,350	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,900	\$ -	\$ -	\$ -	\$ 3,372
Forgiveness of accrued management fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt issuance costs in accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000	\$ -	\$ -	\$ -	\$ -

See accompanying notes to the financial statements.

(continued)

Douglas-Cherokee Economic Authority, Inc.-
Component Units Statements of Cash Flows
Year Ended June 30, 2021

	Mountainview Homes for Elderly, Inc.	Overlook Senior Citizens Housing of Knox County, Inc.	Oxford Homes for Elderly, Inc.	Paragon Homes for Elderly, Inc.	Phoenix Homes for Elderly, Inc.	Portage Homes for Elderly, Inc.	Riverton Homes for Elderly, Inc.	Sierra Homes for Elderly, Inc.	Stanford Homes for Elderly, Inc.	Stockbridge Homes for Elderly, Inc.	Summit Homes for Elderly, Inc.	Trinity Homes for the Elderly, Inc.	Volunteer Homes for Elderly, Inc.	Volunteer Housing Development Corporation	Volunteer Residences- Two, Inc.	Volunteer Housing - Gateway Village Apartments	Volunteer Housing - Breckenridge Apartments
Cash Flows from Operating Activities																	
Cash Receipts																	
Rental Receipts	\$ 95,885	\$ 697,414	\$ 59,514	\$ 63,772	\$ 171,974	\$ 84,579	\$ 63,710	\$ 133,183	\$ 171,351	\$ 26,800	\$ 56,637	\$ 246,502	\$ 801,397	\$ -	\$ 731,135	\$ 227,179	\$ 58,135
Service Coordinator Grant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,897	-	-
Cash Management Fees	-	31	-	-	1	62	-	1	-	9	-	-	-	103,500	-	-	-
Other Receipts	758	4,415	225	343	483	117	359	1,625	1,727	409	7	3,666	5,377	-	4,282	3,742	252
	96,643	701,860	59,739	64,115	172,458	84,758	64,069	134,809	173,078	27,218	56,644	250,168	806,774	103,500	755,314	230,921	58,387
Cash Disbursements																	
Administrative	11,174	30,706	6,029	6,900	9,916	5,150	8,142	9,544	11,703	5,487	7,465	10,866	34,286	34,292	29,154	10,367	5,145
Management Fees	14,612	47,487	4,413	9,693	27,846	9,351	8,006	17,529	26,503	2,779	3,391	27,402	54,466	-	53,642	19,329	5,502
Utilities	22,645	115,549	13,231	18,375	38,886	23,677	14,906	40,413	43,038	6,157	8,081	99,849	134,781	96	132,018	17,518	6,735
Salaries and Wages	15,951	59,048	10,575	5,483	22,620	11,706	10,205	12,962	33,731	3,238	15,261	34,878	71,830	-	72,704	15,902	11,933
Operating and Maintenance	17,750	122,539	11,823	9,489	25,529	21,343	9,480	28,851	28,823	6,045	9,634	47,310	181,652	7,287	140,054	101,835	18,035
Real Estate Taxes	1,534	4,340	-	382	7,574	4,722	-	3,757	8,372	-	-	8,856	1,337	3,490	-	9,681	-
Property Insurance	5,318	22,045	3,417	3,553	7,363	7,810	3,643	6,032	8,641	2,169	3,152	10,191	31,928	920	35,679	8,445	4,173
Miscellaneous Taxes and Other	4,179	9,030	4,391	1,214	5,308	2,609	2,380	4,193	9,148	449	4,520	7,557	16,161	-	15,668	4,847	3,185
Tenant Security Deposits	(2,254)	(479)	14	139	(1,012)	(447)	(118)	(272)	(346)	127	(209)	(819)	(2,662)	-	1,201	865	(456)
Mortgage Ins Premium	-	22,945	-	-	-	-	-	-	-	-	-	-	18,814	-	16,498	-	-
Service Coordinator Expense	-	10,176	8,703	-	-	-	-	-	19,356	-	-	-	-	-	19,897	-	-
Residual Receipts Recapture	-	-	-	-	-	-	-	163	-	-	-	-	-	-	-	-	-
Interest on mortgage	-	133,775	-	-	-	-	-	-	-	-	-	-	121,652	-	120,033	-	1,361
	90,909	577,161	62,596	55,228	144,030	85,921	56,644	123,172	188,969	26,451	51,295	246,090	664,245	46,085	636,548	188,789	55,613
Net Cashflows from Operating Activities	5,734	124,699	(2,857)	8,887	28,428	(1,163)	7,425	11,637	(15,891)	767	5,349	4,078	142,529	57,415	118,766	42,132	2,774
Cash Flows from Investing Activities																	
Net deposits	13	284	25	7	15	263	6	6	50	254	254	32	205	-	294	74	2
Net purchase of fixed assets	-	(29,848)	(3,000)	(3,000)	(7,605)	-	-	-	(5,900)	-	-	(22,260)	(4,647)	-	(100,199)	(10,000)	-
Net Cashflows from Investing Activities	13	(29,564)	(2,975)	(2,993)	(7,590)	263	6	6	(5,850)	254	254	(22,228)	(4,442)	-	(99,905)	(9,926)	2
Cash Flows from Financing Activities																	
Mortgage principal payments	-	(72,338)	-	-	-	-	-	-	-	-	-	-	(98,582)	-	(81,269)	-	(16,999)
Mortgage financing costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advance from Management	-	-	-	-	-	-	-	-	-	-	-	-	(25,933)	-	-	-	(3,400)
Net Cashflows from Financing Activities	-	(72,338)	-	-	-	-	-	-	-	-	-	-	(98,582)	(25,933)	(81,269)	-	(20,399)
Net Increase (Decrease) in Cash	5,747	22,797	(5,832)	5,894	20,838	(900)	7,431	11,643	(21,741)	1,021	5,603	(18,150)	39,505	31,482	(62,408)	32,206	(17,623)
Cash at the Beginning of Period	73,214	788,081	78,244	48,337	79,540	142,004	71,156	88,148	167,880	35,976	44,438	199,406	509,493	58,788	777,558	382,184	47,653
Cash at End of Period	\$ 78,961	\$ 810,878	\$ 72,412	\$ 54,231	\$ 100,378	\$ 141,104	\$ 78,587	\$ 99,791	\$ 146,139	\$ 36,997	\$ 50,041	\$ 181,256	\$ 548,998	\$ 90,270	\$ 715,150	\$ 414,390	\$ 30,030
Supplemental Disclosures of Cash Flow Information:																	
Fixed assets through accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000	\$ 8,250	\$ -	\$ -	\$ -	\$ -
Advance from Management paid off with contributions from net assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction in progress in accounts payable	\$ -	\$ 12,784	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,420	\$ -	\$ -	\$ -	\$ -	\$ -
Forgiveness of accrued management fees	\$ 20,705	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt issuance costs in accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Douglas-Cherokee Economic Authority, Inc.-
Component Units Statements of Cash Flows
Year Ended June 30, 2021

	Volunteer Housing - Heritage Hills Apartments	Volunteer Housing - Mill Creek Apartments	Volunteer Housing - Old Saybrook Apartments	Volunteer Housing - Old Lakeway Annex Apartments	Volunteer Residences-One, Inc.	Waterford Homes for Elderly, Inc.	Wellington Homes for Elderly, Inc.	Woodbridge Homes for Elderly, Inc.	Highland Homes for the Elderly, Inc	Volunteer Housing Development Corporation - McElhanehy Glen Apartments	Total
Cash Flows from Operating Activities											
Cash Receipts											
Rental Receipts	\$ 134,388	\$ 122,604	\$ 171,586	\$ 47,733	\$ 157,156	\$ 178,316	\$ 66,726	\$ 132,156	\$ 49,440	\$ 53,887	\$ 7,958,199
Service Coordinator Grant	-	-	-	-	-	-	-	-	-	-	26,859
Cash Management Fees	-	-	-	-	-	-	-	-	-	-	103,682
Other Receipts	1,436	78	8,250	466	1,025	1,751	792	1,177	509	808	69,921
	<u>135,824</u>	<u>122,682</u>	<u>179,836</u>	<u>48,199</u>	<u>158,181</u>	<u>180,067</u>	<u>67,518</u>	<u>133,333</u>	<u>49,949</u>	<u>54,695</u>	<u>8,158,661</u>
Cash Disbursements											
Administrative	12,606	9,448	15,041	4,260	14,943	23,137	8,385	8,841	8,746	2,420	567,250
Management Fees	18,518	13,942	3,416	6,408	9,125	29,733	9,487	16,601	7,661	4,513	813,800
Utilities	9,263	29,908	21,710	261	66,399	52,560	16,191	24,432	13,168	10,121	1,695,415
Salaries and Wages	11,605	17,250	9,808	4,199	16,109	27,345	8,222	17,932	6,745	5,771	883,238
Operating and Maintenance	39,628	18,911	83,693	15,483	33,832	17,237	20,501	11,117	8,586	15,715	1,605,704
Real Estate Taxes	3,346	-	13,382	-	5,408	7,437	155	4,903	-	-	188,948
Property Insurance	8,413	6,102	8,344	3,227	8,939	9,029	4,146	6,777	3,615	3,701	365,553
Miscellaneous Taxes and Other	358	262	2,763	694	2,170	5,044	1,336	2,731	1,258	1,415	196,610
Tenant Security Deposits	(99)	33	(2,787)	(294)	(471)	(238)	(244)	(388)	1,200	(25)	(13,511)
Mortgage Ins Premium	-	-	-	-	-	-	-	-	-	-	97,180
Service Coordinator Expense	-	-	-	-	-	-	-	-	-	-	81,387
Residual Receipts Recapture	-	-	-	-	-	-	-	5,730	-	-	13,261
Interest on mortgage	10,875	12,859	17,483	3,450	-	-	-	-	-	-	654,909
	<u>114,513</u>	<u>108,715</u>	<u>172,853</u>	<u>37,688</u>	<u>156,454</u>	<u>171,284</u>	<u>68,179</u>	<u>98,676</u>	<u>50,979</u>	<u>43,631</u>	<u>7,149,744</u>
Net Cashflows from Operating Activities	<u>21,311</u>	<u>13,967</u>	<u>6,983</u>	<u>10,511</u>	<u>1,727</u>	<u>8,783</u>	<u>(661)</u>	<u>34,657</u>	<u>(1,030)</u>	<u>11,064</u>	<u>1,008,917</u>
Cash Flows from Investing Activities											
Net deposits	10	45	2	1	20	6	4	34	32	1	4,612
Net purchase of fixed assets	(8,400)	(28,810)	(33,000)	-	(3,100)	(6,800)	-	(4,200)	(2,230)	-	(532,244)
Net Cashflows from Investing Activities	<u>(8,390)</u>	<u>(28,765)</u>	<u>(32,998)</u>	<u>1</u>	<u>(3,080)</u>	<u>(6,794)</u>	<u>4</u>	<u>(4,166)</u>	<u>(2,198)</u>	<u>1</u>	<u>(527,632)</u>
Cash Flows from Financing Activities											
Mortgage principal payments	(15,009)	(9,109)	(20,710)	(10,223)	-	-	-	-	-	(16,323)	(455,473)
Mortgage financing costs	-	-	-	-	-	-	-	-	-	-	(10,088)
Advance from Management	(6,000)	-	57,657	-	-	-	-	-	-	-	21,074
Net Cashflows from Financing Activities	<u>(21,009)</u>	<u>(9,109)</u>	<u>36,947</u>	<u>(10,223)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,323)</u>	<u>(444,487)</u>
Net Increase (Decrease) in Cash	(8,088)	(23,907)	10,932	289	(1,353)	1,989	(657)	30,491	(3,228)	(5,258)	36,798
Cash at the Beginning of Period	60,066	146,773	28,308	11,847	64,273	91,736	50,098	107,269	166,934	55,992	7,286,832
Cash at End of Period	<u>\$ 51,978</u>	<u>\$ 122,866</u>	<u>\$ 39,240</u>	<u>\$ 12,136</u>	<u>\$ 62,920</u>	<u>\$ 93,725</u>	<u>\$ 49,441</u>	<u>\$ 137,760</u>	<u>\$ 163,706</u>	<u>\$ 50,734</u>	<u>\$ 7,323,630</u>
Supplemental Disclosures of Cash Flow Information:											
Fixed assets through accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,600	\$ -	\$ -	\$ -	\$ -	\$ 18,270
Advance from Management paid off with contributions from net assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,943
Construction in progress in accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,536	\$ -	\$ -	\$ 61,362
Forgiveness of accrued management fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,938	\$ -	\$ -	\$ -	\$ 24,643
Debt issuance costs in accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Notes to Financial Statements
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity - The accompanying financial statements present the activities of Douglas-Cherokee Economic Authority, Inc. (the "Agency").

The Agency has a number of component units, all of which are HUD housing complexes, which are included in these financial statements. Those component units are described in greater detail in note 13 to the financial statements.

Government-Wide And Fund Financial Statements - The government-wide statement of net position and the statement of activities display information about the Agency. These statements include the financial activities of the overall Agency. Governmental activities generally are financed through grantor contributions and local contributions.

In the government-wide statement of net position, the governmental activities are presented on a consolidated basis and are reported on the full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when incurred.

Fund Balance Items - The Agency has implemented GASB Statement 54 employing new terminology and classifications for fund balance items.

Non-spendable items - This category includes items that cannot be spent because of their form. Prepaids of \$289 were in this category at year end.

Restricted items - This category includes fund balances that are constrained by external parties, constitutional provisions, or enabling legislation. The Santa Fund balance of \$79,417 is included in this category at year end.

Committed items - This category includes fund balances that contain self-imposed constraints of the government from its highest level of decision making authority (e.g. the Agency's Board of Directors). Formal action must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on funds. There was no balance in this category at year end.

Assigned items - This category includes fund balances that contain self-imposed constraints of the government to be used for a particular purpose from the highest level of decision making authority (e.g. the Agency's Board of Directors). Volunteer Housing of \$3,996,458 is included in this category at year end.

Unassigned items - Represents the remainder of the Agency's fund balance that is not constrained for any particular purpose.

When both restricted and unrestricted fund balances are available for use, it is the Agency's policy to use restricted fund balance first, then use unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

The government-wide statement of activities reports both the gross and net cost of each of the Agency's functions. The statement of activities reduces gross expenses (including depreciation) by related program revenues and operating grants and contributions. Program revenues are primarily grant revenues and contributions. This government-wide focus is more on the sustainability of the Agency as an entity and the changes in the Agency's net assets resulting from the current year's activities.

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Notes to Financial Statements (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements - The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification or elimination of internal activity (between or within funds). The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Government Fund Financial Statements - Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Under this method, the Agency considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when the fund liability is incurred. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The major sources of revenue are grants, local contributed cash, contributed services and other revenues as discussed below:

Federal & State Grant Revenue - Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. Such revenue is subject to review by the funding Agency and may result in disallowance in subsequent periods.

Some agencies send funds in allotments as opposed to the reimbursement method of the majority of the agencies that is recorded as deferred revenue. There was no deferred revenue recorded at year end.

Local Contributed Cash - Contributions to grant programs from local governments and other participants are recognized as revenue when grant expenditures are incurred in the case of cost reimbursement grants.

Interest Income - Interest income is recorded as earned since it is measurable and available.

Fund Financial Statements - The financial transactions of the Agency are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures. The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

The funds are classified as either general or special revenue in the fund financial statements.

General Fund - The general operating fund accounts for all financial resources that are not required to be accounted for in the special revenue funds.

Special Revenue Fund - The special revenue fund accounts for the proceeds of specific revenue sources, the expenditures for which are legally restricted for purposes specified in grant agreements.

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Notes to Financial Statements (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Funding - The primary funding sources for the Agency are federal and state grants. The grant periods may or may not coincide with the Agency’s fiscal year. Grants normally are for a twelve-month period; however, they may be awarded for periods shorter or longer than twelve months.

The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Agency has implemented Governmental Accounting Standards Board Statement No. 62, “*Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA pronouncements.*”

Leave Policies - Employees eligible for leave include (1) full-time employees and (2) part-time employees. Employees accrue annual leave on a prorated basis.

During the first five years of employment, an employee accrues twelve (12) days of vacation leave. During the second five years of employment, an employee accrues eighteen (18) days per year. After ten years and up to 20 years of employment, an employee accrues twenty-one (21) days per year, and after twenty years of employment, twenty-four (24) days per year. Upon termination of employment from the Agency, an employee will be paid for unused vacation leave.

The Agency’s sick leave policy permits the accumulation of twelve (12) sick days per year. In a year, a maximum of forty (40) days accumulated leave is available for full-time employees. At the time of retirement from the Agency, all unused accumulated sick time is added to the employee’s service time for the purpose of calculating retirement benefits. For part-time employees the number of hours is based on a reduced pro-rated basis. Employees are not paid for unused sick days upon termination of employment.

The liability for accrued leave reported in the government-wide statements consists of unpaid, accumulated annual leave. The liability for accrued leave (\$238,630 at June 30, 2021) for governmental fund types, which represents normal accumulations, is all considered to be current.

Capital Assets, Depreciation and Amortization - The Agency’s property, plant, and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The Agency generally capitalizes assets with cost of \$5,000 or more. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	5 - 50
Improvements, other than buildings	5 - 50
Equipment	3 - 30
Vehicles	3 - 30

Pensions - For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Agency’s participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (“TCRS”), and additions to/deductions from the Agency’s fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Notes to Financial Statements (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses) until that time. The Agency had certain pension items that qualify for reporting in this category at June 30, 2021.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Agency had pension and unavailable revenue that qualify for reporting in this category at June 30, 2021.

Total Columns - The total columns of the financial statements are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation.

Tax-Exempt Status - The Agency is qualified as a tax-exempt Agency under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made.

Interfund Transactions - During the course of operations, the Agency may engage in certain transactions between funds. Interfund transactions are generally eliminated in the financial statements, or are reported as transfers in or out of the applicable fund.

Allocation of Indirect Costs - The Agency allocates indirect expenditures primarily comprised of administration of operating functions necessary to support the Agency's many programs. Such expenses include wages and related benefits, office expenses, and other central administrative services.

Concentrations of Credit Risk - Financial instruments that potentially subject the Agency to concentrations of credit risk consists primarily of accounts receivable. Financing sources are primarily grants from federal and state governmental entities. Management does not believe significant credit risk exists at June 30, 2021.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Date of Managements Review - Management has evaluated events and transactions occurring subsequent to the statement of net position date for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through the date of the report, which is the date these financial statements were available to be issued.

NOTE 2 - CASH & INVESTMENTS

Deposits (cash and certificates of deposit) are carried at cost, which approximates fair value. At June 30, 2021, the value of the certificates of deposit was \$392,913 and the bank balances were \$4,442,292.

All of the Agency's deposits are covered through FDIC insurance or through their Banks' participation in the Tennessee Bank Collateral Pool.

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Notes to Financial Statements (Continued)

NOTE 3 - INTERFUND RECEIVABLES/PAYABLE

The following is a summary of inter-fund receivables and payable at June 30, 2021:

	Due from Grant Fund	Due to General Fund
General Fund	\$ 1,422,136	\$ -
Grant Funds	-	1,422,136
Total	\$ 1,422,136	\$ 1,422,136

NOTE 4 - GRANTS RECEIVABLE

Federal and state administered grant receivables consist of receivables for reimbursement of expenditures under various programs and grants. All amounts are expected to be collected within the next year.

NOTE 5 - CAPITAL ASSETS

The Agency's capital assets activity was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Construction in progress	\$ 691,132	\$ 23,785	\$ (691,132)	\$ 23,785
Land	625,205	182,545	-	807,750
Total capital assets not being depreciated	1,316,337	206,330	(691,132)	831,535
Capital assets being depreciated				
Buildings and improvements	8,304,513	881,346	-	9,185,859
Other fixed assets	3,415,054	372,201	(1,098,604)	2,688,651
Total capital assets being depreciated	11,719,567	1,253,547	(1,098,604)	11,874,510
Less accumulated depreciation for				
Buildings and improvements	(3,295,709)	-	(248,312)	(3,544,021)
Other fixed assets	(2,898,917)	1,098,604	(143,434)	(1,943,747)
Total accumulated depreciation	(6,194,626)	1,098,604	(391,746)	(5,487,768)
Total capital assets being depreciated, net	5,524,941	2,352,151	(1,490,350)	6,386,742
Capital assets, net	\$ 6,841,278	\$ 2,558,481	\$ (2,181,482)	\$ 7,218,277

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Notes to Financial Statements (Continued)

NOTE 6 - IN-KIND SUPPORT

In-kind support, based on estimated values, is as follows:

Inkind Salaries	\$ 1,029,008
Inkind Food	586,210
Inkind Miscellaneous	7,004
Inkind Rent	<u>1,190,444</u>
	<u>\$ 2,812,666</u>

NOTE 7 - RISK MANAGEMENT

The Agency is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Agency carries commercial insurance. There have been no reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 8 - LITIGATION

The Agency is party to certain legal proceedings which normally occur in governmental operations. Management does not believe that the litigation will have a material adverse impact on the Agency's financial position.

NOTE 9 - FEDERAL AND STATE GRANTS

In the normal course of operations, the Agency receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authorities, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE 10 - PENSION PLAN

Plan Description

Employees of Douglas-Cherokee Economic Authority (the "Agency") are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Notes to Financial Statements (Continued)

NOTE 10 - PENSION PLAN (Continued)

Employees Covered by Benefit Terms

At the measurement date of June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	123
Inactive employees entitled to but not yet receiving benefits	750
Active employees	358
	1,231

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. The Agency makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2021, employer contributions for the Agency were \$49,652 based on a rate of 0.55 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the Agency’s state shared taxes if required employer contributions are not remitted. The employer’s ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

The Agency’s net pension liability (asset) was measured as of June 30, 2020, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total pension liability as of June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent.
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study performed for the period of July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Notes to Financial Statements (Continued)

NOTE 10 - PENSION PLAN (Continued)

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
Short-term securities	0.00%	<u>1%</u>
		100%

The long-term rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the three factors described above.

Discount Rate - The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the Agency will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 6/30/19	\$21,114,544	\$23,985,755	\$ (2,871,211)
Changes for the year:			
Service Cost	603,401	-	603,401
Interest	1,535,926	-	1,535,926
Differences between expected and actual experience	480,537	-	480,537
Changes in Assumptions	-	-	-
Contributions - employer	-	149,334	(149,334)
Contributions - employee	-	421,853	(421,853)
Net investment income	-	1,176,659	(1,176,659)
Benefit payments, including refunds of employee contributions	(1,065,531)	(1,065,531)	-
Administrative expense	-	(32,116)	32,116
Net changes	<u>1,554,333</u>	<u>650,199</u>	<u>904,134</u>
Balance at 6/30/20	<u>\$22,668,877</u>	<u>\$24,635,954</u>	<u>\$ (1,967,077)</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net position liability (asset) of the Agency calculated using the discount rate of 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25) than the current rate:

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Notes to Financial Statements (Continued)

NOTE 10 - PENSION PLAN (Continued)

	1 % Decrease (6.25)	Current Discount Rate (7.25)	1 % Increase (8.25)
Net pension liability (asset)	\$ 645,428	\$ (1,967,077)	\$ (4,144,361)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2021, the Agency recognized pension expense (negative pension expense) of \$243,820.

For the year ended June 30, 2021, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 360,403	\$ 231,695
Net difference between projected and actual earnings of pension plan investments	181,929	-
Changes in assumptions	125,031	-
Contributions subsequent to the measurement date of June 30, 2020	49,652	-
Total	\$ 717,015	\$ 231,695

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2020,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ (1,658)
2023	108,645
2024	220,035
2025	108,646
Total	\$ 435,668

In the table above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plan

At June 30, 2021, the Agency reported a payable of \$13,213 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2021.

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Notes to Financial Statements (Continued)

NOTE 11 - DEFINED CONTRIBUTION PLANS

401(k) Plan

The Agency offers a 401(k) Retirement Plan (the “Plan”) to its employees administered by RetireReadyTN. All employees are eligible to participate at any time. The amount available in retirement is based on contributions, plus accumulated earnings (if any) to the member’s account. Upon terminating employment or retiring, an employee may leave the account balance in the plan, roll it over to another qualified plan, or begin taking distributions. If the member withdraws money from the 401(k) account balance prior to age 59 ½, they may be subject to an early distribution tax. All costs of administering and funding this plan is the responsibility of plan participants. The Agency does not make matching or non-matching contributions therefore there is no vesting schedule or forfeitures in this plan. The maximum contribution for employees cannot exceed \$19,500 for 2021. The effective date of the plan was December 1, 2016. Employee contributions for the year ended June 30, 2021, were \$78,625.

401(a) Plan

As of the 1st day of July, 2000, all full time employees were offered the opportunity to continue the 401(a) plan or join Tennessee Consolidated Retirement System, Full time employees that joined TCRS were required to transfer the prior 401(a) account to TCRS and contribute 5% of their wages to the plan. Employees were eligible for this plan after completing 6 months of service with the Agency. The Agency continued the full sponsorship of the 401(a) plan for part-time employees and full time employees that chose to remain in the plan. If the status of an employee hired before July 1, 2000 changed from part-time to full-time, the employee was given the opportunity to remain with the 401(a) or join TCRS. This plan was closed to all new employees as of July 1, 2000.

To reward employees who remained employed with the Agency for a long period of time, the law permitted a vesting schedule to be applied to certain contributions that the Agency made to the plan. If a participant terminated employment before being fully vested, then the non-vested portion of the terminated participant’s account balance remained in the plan and was called a forfeiture. Forfeitures are first to be used to pay any administrative expenses and any remaining forfeitures will be used to reduce the employer contribution. Employees vest 100% after five years of service. Currently the Agency has five full time employees participant in this plan. There were no forfeitures for the year ended June 30, 2021. The Agency contributes 8% of the employee’s earnings. Employer contributions for the year ended June 30, 2021 were \$10,965.

NOTE 12 - LEASES

The Agency leases various buildings and equipment under operating lease agreements to carry out its activities and to administer its various programs. The Agency paid approximately \$207,000 for these leases during the year ended June 30, 2021. The following is a year-by-year schedule of future minimum lease payments required under the existing and extended operating leases:

Year ended June 30:	
2022	\$ 115,451
2023	45,404
2024	16,204
2025	4
2026	<u>32</u>
	<u>\$ 177,095</u>

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Notes to Financial Statements (Continued)

NOTE 13 - COMPONENT UNITS

The Agency's Board of Directors has sponsored the construction and operation of HUD housing complexes for persons over 60 and/or disabled. After the completion of construction and as a part of the sponsorship agreement, it is the responsibility of the Agency's Board to organize and appoint the governing boards. The complex boards provide for the oversight and management of each complex. As a part of the management, the complex boards have engaged the services of the Agency to provide the management for the facilities. HUD and other funders establish a fee to be paid for this oversight and management responsibility. The financial statements of these component units are not included with these financial statements. Financial statements for the component units are maintained at the Agency's main office.

Collectively, these entities had, as of their most recent fiscal year end, \$48 million in assets, \$68.9 million in liabilities, (\$20.9 million) in net position, \$8.3 million in revenue, and \$9.4 million in expenses. The liabilities include approximately \$45.5 million in advances from the U.S. Department of Housing and Urban Development, which are only repayable if the projects do not remain available for very low-income eligible individuals/families as approved by HUD for no less than 40 years.

Presently, the Agency has management agreements with the following complexes, including their most recent fiscal year ends, which are evaluated as component units of the Agency:

Entity	Fiscal Year End	Entity	Fiscal Year End
Appalachian Homes for Elderly, Inc.	3/31/21	Phoenix Homes for Elderly, Inc.	6/30/21
Aspen Homes for the Elderly, Inc.	6/30/21	Portage Homes for Elderly, Inc.	9/30/20
Aztex Homes for Elderly, Inc.	9/30/20	Riverton Homes for Elderly, Inc.	3/31/21
Brookhaven Homes for Elderly, Inc.	12/31/20	Sierra Homes for Elderly, Inc.	9/30/20
Cambridge Homes for Elderly, Inc.	12/31/20	Stanford Homes for Elderly, Inc.	9/30/20
Chatham Homes for Elderly, Inc.	3/31/21	Stockbridge Homes for Elderly, Inc.	6/30/21
Columbia Homes for Elderly, Inc.	12/31/20	Summit Homes for Elderly, Inc.	6/30/21
Crockett Homes for Elderly, Inc.	3/31/21	Trinity Homes for Elderly, Inc.	3/31/21
Cumberland Homes for Elderly, Inc.	6/30/21	Volunteer Homes for Elderly, Inc.	9/30/20
East Tennessee Homes for Elderly, Inc.	12/31/20	Volunteer Housing Development Corporation	3/31/21
Greystone Homes for Elderly, Inc.	3/31/21	VHDC - Gateway Village Apartments	3/31/21
Heartland Homes for Elderly, Inc.	6/30/21	VHDC - Breckenridge Apartments	3/31/21
Hermitage Homes for Elderly, Inc.	9/30/20	VHDC - Heritage Hills Apartments	12/31/20
Highland Homes for the Elderly, Inc.	6/30/21	VHDC-Lakeway Annex	3/31/21
Holston Homes for Elderly, Inc.	6/30/21	VHDC - Mill Creek Apartments	12/31/20
Horizon Homes for Elderly, Inc.	12/31/20	VHDC - Old Saybrook Apartments	12/31/20
Landmark Homes for Elderly, Inc.	9/30/20	VHDC-McElhaney Glen Apartments	3/31/21
Monticello Homes for the Elderly, Inc.	3/31/21	Volunteer Residences-One, Inc.	9/30/20
Mountainview Homes for Elderly, Inc.	6/30/21	Volunteer Residences-Two, Inc.	9/30/20
Overlook Senior Citizens Housing of Knox County	12/31/20	Waterford Homes for Elderly, Inc.	3/31/21
Oxford Homes for Elderly, Inc.	9/30/20	Wellington Homes for Elderly, Inc.	6/30/21
Paragon Homes for Elderly, Inc.	3/31/21	Woodbridge Homes for Elderly, Inc.	12/31/20

Certain of the above entities have year ends that differ from the Primary Government. As such, the amount due from the above entities to Douglas-Cherokee may differ on their financial statements from the amounts reported on the Primary Government's. The total amount receivable from all component units was \$848,258 which is recorded in the financial statements as due from component units and other receivable and accounts receivable.

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Notes to Financial Statements (Continued)

NOTE 13 - COMPONENT UNITS (Continued)

A reconciliation of amounts due from component units with year ends differing from the Primary Government is shown below:

Entity	Year End	Recorded Receivable	Additional Billed	Receipts/ Adjustments	Primary Government Receivable
Appalachian Homes for Elderly, Inc.	3/31/21	\$ 4,959	\$ 12,419	\$ (13,934)	\$ 3,444
Aztex Homes for Elderly, Inc.	9/30/20	740	13,361	(13,139)	962
Brookhaven Homes for Elderly, Inc.	12/31/20	10,861	33,580	(20,429)	24,012
Cambridge Homes for Elderly, Inc.	12/31/20	1,044	6,710	(6,452)	1,302
Chatham Homes for Elderly, Inc.	3/31/21	2,380	6,257	(6,807)	1,830
Columbia Homes for Elderly, Inc.	12/31/20	1,307	5,908	(6,514)	701
Crockett Homes for Elderly, Inc.	3/31/21	4,194	13,597	(13,137)	4,654
East Tennessee Homes for Elderly, Inc.	12/31/20	10,906	45,714	(47,550)	9,070
Greystone Homes for Elderly, Inc.	3/31/21	2,006	4,546	(4,569)	1,983
Hermitage Homes for Elderly, Inc.	9/30/20	1,253	11,535	(12,076)	712
Horizon Homes for Elderly, Inc.	12/31/20	2,572	11,863	(11,601)	2,834
Landmark Homes for Elderly, Inc.	9/30/20	2,927	24,437	(24,626)	2,738
Monticello Homes for the Elderly, Inc.	3/31/21	1,768	4,635	(4,857)	1,546
Overlook Senior Citizens Housing of Knox	12/31/20	9,843	45,390	(48,042)	7,191
Oxford Homes for Elderly, Inc.	9/30/20	11,366	11,440	(21,960)	846
Paragon Homes for Elderly, Inc.	3/31/21	1,170	4,598	(4,461)	1,307
Portage Homes for Elderly, Inc.	9/30/20	1,820	18,720	(15,741)	4,799
Riverton Homes for Elderly, Inc.	3/31/21	1,646	5,694	(4,086)	3,254
Sierra Homes for Elderly, Inc.	9/30/20	3,262	27,612	(26,902)	3,972
Stanford Homes for Elderly, Inc.	9/30/20	5,617	50,174	(38,658)	17,133
Trinity Homes for Elderly, Inc.	3/31/21	15,941	19,433	(10,776)	24,598
Volunteer Homes for Elderly, Inc.	9/30/20	13,372	110,692	(110,417)	13,647
VHDC -Gateway Village Apartments	3/31/21	2,550	5,597	(5,840)	2,307
VHDC -Breckenridge Apartments	3/31/21	1,059	3,111	(3,168)	1,002
VHDC -Heritage Hills Apartments	12/31/20	1,675	8,149	(8,207)	1,617
VHDC -Mill Creek Apartments	12/31/20	1,917	10,104	(9,963)	2,058
VHDC -Old Saybrook Apartments	12/31/20	229,099	14,550	(4,964)	238,685
VHDC -Lakeway Annex	3/31/21	981	1,152	(1,715)	418
Volunteer Residences-One, Inc.	9/30/20	20,859	31,122	(22,394)	29,587
Volunteer Residences-Two, Inc.	9/30/20	10,957	115,133	(114,044)	12,046
Waterford Homes for Elderly, Inc.	3/31/21	21,186	16,487	(17,741)	19,932
McElhaney Glen	3/31/21	799	1,441	(1,383)	857
Woodbridge Homes for Elderly, Inc.	12/31/20	3,888	15,626	(16,428)	3,086
		<u>\$ 405,924</u>	<u>\$ 710,787</u>	<u>\$ (672,581)</u>	<u>\$ 444,130</u>

REQUIRED SUPPLEMENTARY INFORMATION

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios (Unaudited)
Year Ended June 30, 2021

Measurement Period Ended	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Total pension liability							
Service cost	\$ 538,247	\$ 519,119	\$ 535,350	\$ 664,587	\$ 603,630	\$ 610,359	\$ 603,401
Interest	1,187,525	1,206,174	1,267,630	1,367,694	1,409,880	1,468,540	1,535,926
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(634,331)	(136,493)	226,474	(475,754)	(223,764)	(94,080)	480,537
Changes of assumptions	-	-	-	625,151	-	-	-
Benefit payments, including refunds of employee contributions	(848,438)	(798,863)	(772,389)	(876,607)	(943,445)	(1,031,287)	(1,065,531)
Net change in total pension liability (asset)	243,003	789,937	1,257,065	1,305,071	846,301	953,532	1,554,333
Total pension liability (asset) - beginning	<u>15,719,635</u>	<u>15,962,638</u>	<u>16,752,575</u>	<u>18,009,640</u>	<u>19,314,711</u>	<u>20,161,012</u>	<u>21,114,544</u>
Total pension liability (asset) - ending (a)	<u>\$ 15,962,638</u>	<u>\$ 16,752,575</u>	<u>\$ 18,009,640</u>	<u>\$ 19,314,711</u>	<u>\$ 20,161,012</u>	<u>\$ 21,114,544</u>	<u>\$ 22,668,877</u>
Plan fiduciary net position							
Contributions - employer	\$ 651,554	\$ 674,549	\$ 687,522	\$ 703,411	\$ 720,898	\$ 699,860	\$ 149,334
Contributions - employee	368,114	375,125	382,385	391,223	401,865	389,889	421,853
Net investment income	2,364,015	517,945	466,549	2,072,018	1,703,322	1,661,231	1,176,659
Benefit payments, including refunds of employee contributions	(848,438)	(798,863)	(772,389)	(876,607)	(943,445)	(1,031,287)	(1,065,531)
Administrative expense	(13,063)	(18,373)	(28,122)	(29,199)	(34,077)	(30,375)	(32,116)
Other	-	-	-	-	-	-	-
Net change in plan fiduciary net position	2,522,182	750,383	735,945	2,260,846	1,848,563	1,689,318	650,199
Plan fiduciary net position - beginning	<u>14,178,518</u>	<u>16,700,700</u>	<u>17,451,083</u>	<u>18,187,028</u>	<u>20,447,874</u>	<u>22,296,437</u>	<u>23,985,755</u>
Plan fiduciary net position - ending (b)	<u>\$ 16,700,700</u>	<u>\$ 17,451,083</u>	<u>\$ 18,187,028</u>	<u>\$ 20,447,874</u>	<u>\$ 22,296,437</u>	<u>\$ 23,985,755</u>	<u>\$ 24,635,954</u>
Net pension liability (asset) - ending (a) - (b)	\$ (738,062)	\$ (698,508)	\$ (177,388)	\$ (1,133,163)	\$ (2,135,425)	\$ (2,871,211)	\$ (1,967,077)
Plan fiduciary net position as a percentage of the total pension liability (asset)	104.62%	104.17%	100.98%	105.87%	110.59%	113.60%	108.68%
Covered - employee payroll	\$ 7,362,185	\$ 7,503,325	\$ 7,647,633	\$ 7,824,364	\$ 8,018,890	\$ 7,784,868	\$ 8,436,937
Net pension liability (asset) as a percentage of covered employee payroll	-10.03%	-9.31%	-2.32%	-14.48%	-26.63%	-36.88%	-23.32%

Notes to Schedule:

Changes of assumptions - In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost of living adjustment, salary growth and mortality improvements.

GASB 68 requires a 10 year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Schedule of Contributions (Unaudited)
Year Ended June 30, 2021

Measurement period ended June 30,	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Actuarially determined contribution	\$ 651,554	\$ 674,549	\$ 687,522	\$ 704,585	\$ 509,199	\$ 483,440	\$ 149,334	\$ 49,652
Contributions in relation to the actuarially determined contribution	<u>651,554</u>	<u>674,549</u>	<u>687,522</u>	<u>704,585</u>	<u>720,898</u>	<u>699,860</u>	<u>149,334</u>	<u>49,652</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (211,699)</u>	<u>\$ (216,420)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 7,362,185	\$ 7,503,325	\$ 7,647,633	\$ 7,837,430	\$ 8,018,890	\$ 7,784,868	\$ 8,436,937	\$ 9,027,636
Contributions as a percentage of covered employee payroll	8.85%	8.99%	8.99%	8.99%	8.99%	8.99%	1.77%	0.55%

GASB 68 requires a 10 year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

Notes to Schedule

Valuation date:

Actuarially determined contribution rates for fiscal year 2021 were calculated based on the June 30, 2019 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry Age normal
Amortization method:	Level dollar, closed (not to exceed 20 years)
Remaining amortization period:	Varies by Year
Asset valuation method:	10-year smoothed within a 20 percent corridor to market value
Inflation	2.50 percent
Salary increases:	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return:	7.25 percent, net of investment expense, including inflation
Retirement age:	Pattern of retirement determined by experience study
Mortality:	Customized table based on actual experience including an adjustment for some anticipated improvement

Changes of assumption: In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

SUPPLEMENTARY INFORMATION

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Agency/Pass-Through Agency/State Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures	Expenditures to Subrecipients
United States Department of Education				
Trio Cluster				
Educational Opportunity Centers Program	84.066A	P066A160137	\$ 46,305	\$ -
Trio-Upward Bound M/S	84.047A	P047A180890	55,447	-
Trio-Upward Bound G/H	84.047A	P047A170889	39,290	-
Trio-Talent Search	84.044A	P044A160126	84,225	-
Educational Opportunity Centers Program	84.066A	P066A160137	192,045	-
Trio-Upward Bound M/S	84.047A	P047A180890	343,851	-
Trio-Upward Bound G/H	84.047A	P047A170889	260,434	-
Trio-Talent Search	84.044A	P044A160126	332,421	-
Total Trio cluster			<u>1,354,018</u>	<u>-</u>
United States Department of Education				
Passed through Tennessee Department of Education				
21st Century Learning Center HAM	84.287C	S287C190043	212,931	-
21st Century Learning Center HUG	84.287C	NA	224,767	-
Total 21st Century Learning			<u>437,698</u>	<u>-</u>
United States Department of Health and Human Services				
PA-22 FYPD -PA-20 T&TA/CDA	93.600	O4-CH999-01-00	10,025,713	-
COVID-19 PA-22 FYPD -PA-20 T&TA/CDA	93.600	04CH999905C3	815,567	-
COVID-19 PA-22 FYPD -PA-20 T&TA/CDA	93.600	NA	21,517	-
Total Head Start cluster			<u>10,862,797</u>	<u>-</u>
Sex Risk Avoidance Education	93.060	TP1AH 000099-02-00	71,385	-
Sex Risk Avoidance Education	93.060	TP1AH 000099-03-00	233,435	-
Total Sex Risk Avoidance Education			<u>304,820</u>	<u>-</u>

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Agency/Pass-Through Agency/State Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures	Expenditures to Subrecipients
United States Department of Health and Human Services				
Passed through Tennessee Department of Human Services				
Community Services Block Grant	93.569	Z20-49107	\$ 489,754	\$ -
Community Services Block Grant	93.569	Z21-49107	298,520	-
COVID-19 Community Services Block Grant	93.569	Z22-49207 COV	280,405	-
Total Community Services Block Grant			<u>1,068,679</u>	<u>-</u>
United States Department of Health and Human Services				
Passed through Tennessee Housing Development Agency				
Low-Income Home Energy Assistance	93.568	LIHEAP-20-06	600,606	-
Low-Income Home Energy Assistance	93.568	LIHEAP-21-06	3,583,528	-
Low-Income Home Energy Assistance Supplemental	93.568	NA	972,752	-
COVID-19 Low-Income Home Energy Assistance	93.568	NA	980,042	-
Total Low-Income Home Energy Assistance			<u>6,136,928</u>	<u>-</u>
United States Department of Health and Human Services				
Passed through Tennessee Commission on Aging passed through East Tennessee Human Resource Agency				
Aging Title III-C - NSIP - Nutrition	93.053	NA	69,645	-
Aging Title III-C - Nutrition	93.045	NA	624,479	-
Aging Title III-B - Medicaid Waiver	93.044	NA	26,293	-
COVID-19 Disaster Nutrition Aging Services	93.045	NA	98,526	-
COVID-19 Relief and Economic Services	93.045	NA	227,262	-
Total Aging cluster			<u>1,046,205</u>	<u>-</u>

See independent auditors' report.

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Agency/Pass-Through Agency/State Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures	Expenditures to Subrecipients
United States Department of Homeland Security				
Emergency Food and Shelter Program				
COVID-19 Coker County	97.024	764400-001	\$ 8,810	\$ -
Coker County Phase 37	97.024	764400-001	6,765	-
Coker County Phase 38	97.024	764400-001	4,629	-
COVID-19 Monroe County	97.024	774600-001	7,333	-
Monroe County Phase 37	97.024	774600-001	2,150	-
Monroe County Phase 38	97.024	774600-001	2,244	-
COVID-19 Sevier County	97.024	778000-001	7,891	-
Sevier County Phase 37	97.024	778000-001	4,368	-
Sevier County Phase 38	97.024	778000-001	3,863	-
COVID-19 Jefferson County	97.024	770800-001	5,679	-
Jefferson County Phase 37	97.024	770800-001	2,229	-
Total Emergency Food and Shelter			<u>55,961</u>	<u>-</u>
United States Department of Agriculture				
Passed through Tennessee Department of Agriculture				
Passed through Tennessee Department of Human Services				
Emergency Food Assistance Program	10.568	66714	21,000	-
Emergency Food Assistance Program	10.568	70713	57,321	-
Child and Adult Care Food Program	10.558	03-47-53308-00-8	475,630	-
Total United States Department of Agriculture			<u>553,951</u>	<u>-</u>
Total expenditures of federal grants - Primary Government			<u>\$ 21,821,057</u>	<u>\$ -</u>
Total Federal Expenditures:				
Federal Expenditures - Component Units (see next schedule)			\$ 64,989,982	\$ -
Total Federal Expenditures - Primary Government			<u>21,821,057</u>	<u>-</u>
Total Federal Expenditures			<u>\$ 86,811,039</u>	<u>\$ -</u>

See independent auditors' report.

Douglas Cherokee Economic Authority, Inc.
Schedule of Expenditures of Federal Awards - Component Units
Year Ended June 30, 2021

Federal Agency/Pass-Through Agency/State Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures	Expenditures to Subrecipients
U.S. Department of Housing and Urban Development				
Volunteer Residences-One, Inc. - Cherry Hill Apartments				
HUD Capital Advance	14.157	NA	\$ 1,373,800	\$ -
Section 202 Project Rental Assistance	14.157	NA	52,741	-
Stanford Homes for Elderly, Inc - LeConte Terrace Apts				
HUD Capital Advance	14.157	NA	2,591,700	-
Section 202 Project Rental Assistance	14.157	NA	40,115	-
Riverton Homes for Elderly, Inc - Park Place Apartments				
HUD Capital Advance	14.157	NA	972,200	-
Section 202 Project Rental Assistance	14.157	NA	23,901	-
Aztex Homes for Elderly, Inc - Pleasant Hill Apartments				
HUD Capital Advance	14.157	NA	1,130,800	-
Section 202 Project Rental Assistance	14.157	NA	25,706	-
Hermitage Homes for Elderly, Inc - Stanford Place Apts				
HUD Capital Advance	14.157	NA	764,500	-
Section 202 Project Rental Assistance	14.157	NA	18,989	-
Landmark Homes for Elderly, Inc - Walnut Creek Apts				
HUD Capital Advance	14.157	NA	1,062,100	-
Section 202 Project Rental Assistance	14.157	NA	37,086	-
Volunteer Homes for Elderly - Westminster/Lakewood/Brookwood				
Section 223(f) HUD Insured Loan	14.155	NA	4,283,710	-
Section 8 Housing Assistance Payments	14.195	NA	454,177	-
Sierra Homes for Elderly, Inc - Oak Hills Apartments				
HUD Capital Advance	14.157	NA	1,146,200	-
Section 202 Project Rental Assistance	14.157	NA	56,072	-
Overlook Senior Citizens Housing of Knox Co, Inc.				
Section 223(f) HUD Insured Loan	14.155	NA	3,833,378	-
Section 8 Housing Assistance Payments	14.195	NA	396,275	-
Brookhaven Homes for Elderly, Inc - Franklin Place Apartments				
HUD Capital Advance	14.157	NA	2,751,200	-
Section 202 Project Rental Assistance	14.157	NA	74,839	-
East Tennessee Homes for Elderly - Heritage Oaks Apartments				
Section 223(f) HUD Insured Loan	14.155	NA	3,119,237	-
Section 8 Housing Assistance Payments	14.195	NA	297,439	-
Woodbridge Homes for Elderly, Inc - Highland Manor Apts				
HUD Capital Advance	14.157	NA	1,215,000	-
Section 202 Project Rental Assistance	14.157	NA	57,506	-
Horizon Homes for Elderly, Inc - Oak Hills Annex Apartments				
HUD Capital Advance	14.157	NA	1,050,000	-
Section 202 Project Rental Assistance	14.157	NA	34,930	-
Crockett Homes for Elderly, Inc - Alpine Village Apartments				
HUD Capital Advance	14.157	NA	2,540,400	-
Section 202 Project Rental Assistance	14.157	NA	15,252	-
Appalachian Homes for Elderly, Inc - Friendship Manor Apts				
HUD Capital Advance	14.157	NA	2,063,300	-
Section 202 Project Rental Assistance	14.157	NA	33,948	-

See independent auditors' report.

(continued)

Douglas Cherokee Economic Authority, Inc.
Schedule of Expenditures of Federal Awards - Component Units
Year Ended June 30, 2021

Federal Agency/Pass-Through Agency/State Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures	Expenditures to Subrecipients
Waterford Homes for Elderly, Inc - Holston Hills Apartments				
HUD Capital Advance	14.157	NA	\$ 2,191,300	\$ -
Section 202 Project Rental Assistance	14.157	NA	45,648	-
Monticello Homes for the Elderly, Inc - Mountain Grove Apts				
HUD Capital Advance	14.157	NA	1,494,100	-
Section 202 Project Rental Assistance	14.157	NA	27,816	-
Trinity Homes for Elderly, Inc - Renaissance Square Apartments				
HUD Capital Advance	14.157	NA	3,270,300	-
Section 202 Project Rental Assistance	14.157	NA	80,717	-
Chatham Homes for Elderly, Inc - The Commons for Seniors				
HUD Capital Advance	14.157	NA	1,962,500	-
Section 202 Project Rental Assistance	14.157	NA	30,525	-
Greystone Homes for Elderly, Inc - Woodridge Apartments				
HUD Capital Advance	14.157	NA	934,300	-
Section 202 Project Rental Assistance	14.157	NA	18,036	-
Aspen Homes for Elderly, Inc - Auburn Hills Apartments				
HUD Capital Advance	14.157	NA	1,717,900	-
COVID-19 Supplemental Payments	14.157	NA	5,400	-
Section 202 Project Rental Assistance	14.157	NA	90,282	-
Mountainview Homes for Elderly, Inc - Brookvale Garden Apts				
HUD Capital Advance	14.157	NA	858,500	-
Section 202 Project Rental Assistance	14.157	NA	44,688	-
Special Claims	14.157	NA	1,049	-
COVID-19 Supplemental Payments	14.157	NA	1,283	-
Heartland Homes for Elderly, Inc - Woodland Park Apartments				
HUD Capital Advance	14.157	NA	2,556,000	-
COVID-19 Supplemental Payments	14.157	NA	9,019	-
Section 202 Project Rental Assistance	14.157	NA	71,762	-
Holston Homes for Elderly				
Section 223(f) HUD Insured Loan	14.155	NA	3,518,402	-
Section 8 Housing Assistance Payments	14.195	NA	359,668	-
Special Claims	14.195	NA	1,041	-
Multi-Family Service Coordinator Grant	14.191	NA	12,711	-
Highland Homes for Elderly - Highland Manor II				
HUD Capital Advance	14.157	NA	1,184,900	-
Section 202 Project Rental Assistance	14.157	NA	13,244	-
Cumberland Homes for Elderly, Inc - Holly Hills Apartments				
HUD Capital Advance	14.157	NA	1,338,800	-
Section 202 Project Rental Assistance	14.157	NA	70,946	-
Special Claims	14.157	NA	1,041	-
Summit Homes for Elderly, Inc - Village Green Apartment:				
HUD Capital Advance	14.157	NA	811,800	-
Section 202 Project Rental Assistance	14.157	NA	27,449	-
COVID-19 Supplemental Payments	14.157	NA	789	-
Phoenix Homes for Elderly, Inc - Woodland Place Apartments				
HUD Capital Advance	14.157	NA	1,532,200	-
Section 202 Project Rental Assistance	14.157	NA	70,893	-

Douglas Cherokee Economic Authority, Inc.
Schedule of Expenditures of Federal Awards - Component Units
Year Ended June 30, 2021

Federal Agency/Pass-Through Agency/State Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures	Expenditures to Subrecipients
Volunteer Housing Development Corp - Heritage Hills Apts				
Rural Rental Assistance Payments	10.427	NA	\$ 102,976	\$ -
Rural Rental Housing Loan	10.415	NA	834,321	-
Volunteer Housing Development Corp - Mill Creek Apts				
Rural Rental Assistance Payments	10.427	NA	44,165	-
Rural Rental Housing Loans	10.415	NA	765,498	-
Volunteer Housing Development Corp -Old Saybrook Apts				
Rural Rental Assistance Payments	10.427	NA	4,058	-
Rural Rental Housing Loan	10.415	NA	1,292,586	-
Portage Homes for Elderly, Inc - Park Place Annex Apartments				
HUD Capital Advance	14.157	NA	1,804,700	-
Section 202 Demonstration Pre-Development Grant	14.157	NA	70,517	-
Section 202 Project Rental Assistance	14.157	NA	17,194	-
Volunteer Residences-Two, Inc				
Multi Family Service Coordinator Grant	14.191	NA	17,781	-
Section 8 Housing Assistance Payments	14.195	NA	399,900	-
Section 223(F) HUD Insured Loan	14.155	NA	3,764,776	-
Total U.S. Department of Housing and Urban Development			<u>\$ 64,989,982</u>	<u>\$ -</u>

Douglas-Cherokee Economic Authority, Inc.
Schedule of Expenditures of State Awards
Year Ended June 30, 2021

Federal Agency/Pass-Through Agency/State Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures	Expenditures to Subrecipients
Tennessee Department of Education				
LEAP - After School	NA	33119-04618	\$ 174,325	\$ -
Tennessee Department of Human Services				
Direct Appropriation	NA	NA	25,050	-
Tennessee Commission on Aging				
Passed Through East Tennessee Human Resource Agency				
Nutrition	NA	NA	33,004	-
Options	NA	NA	14,920	-
Total Tennessee Commission on Aging			<u>47,924</u>	<u>-</u>
Total expenditures of state grants			<u>\$ 247,299</u>	<u>\$ -</u>

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Note to Schedules of Expenditures of Federal and State Awards
Year Ended June 30, 2021

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state award activity of Douglas-Cherokee Economic Authority, Inc. under programs of the federal government for the year ended June 30, 2021. The information in these Schedules are 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 Schedules present only a selection portion of the operations of Douglas-Cherokee Economic Authority, Inc., they are not intended to and do not present the financial position, change in net position, or cash flows of Douglas-Cherokee Economic Authority, Inc.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedules 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 to reimbursement. Douglas-Cherokee Economic Authority, Inc. uses an 11.60% indirect cost rate approved by the Department of Health and Human Services.

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Schedule of Agency Administrative Expenditures
Year Ended June 30, 2021

Salaries and wages	\$ 675,293
Benefits	100,740
Professional fees	3,498
Supplies	75,940
Communications	22,696
Postage & shipping	9,702
Printing, duplication, & publications	8,784
Occupancy	157,296
Equipment maintenance & rental	9,520
Travel	1,338
Training, seminars, and meetings	6,874
Insurance	17,523
Miscellaneous	<u>11,119</u>
 Total Agency Administrative Expenses	 <u>\$ 1,100,323</u>

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Schedule of Individual Grant Fund Revenues and Expenditures
Year Ended June 30, 2021

	21st Century Learning Center/GC		Community Services Block			Low-Income Home Energy Assistance Supplemental	Low-Income Home Energy Assistance CARES	
	Center/GC	State Appropriation	LEAP - I After School	Grant & Special Projects	Community Services Block Grant CARES	Low-Income Home Energy Assistance	Low-Income Home Energy Assistance CARES	
REVENUE								
Federal assistance	\$ 437,698	\$ -	\$ -	\$ 788,274	\$ 280,405	\$ 4,184,134	\$ 972,752	\$ 980,042
State assistance	-	25,050	174,325	-	-	-	-	-
Total Revenue	\$ 437,698	\$ 25,050	\$ 174,325	\$ 788,274	\$ 280,405	\$ 4,184,134	\$ 972,752	\$ 980,042
EXPENDITURES								
Salaries and wages	\$ 314,342	\$ -	\$ 128,686	\$ 368,339	\$ 29,403	\$ 318,772	\$ 61,275	\$ 54,823
Fringe benefits	37,904	-	17,316	77,647	4,669	55,711	10,699	11,699
Professional services	873	-	417	1,424	732	3,894	1,544	1,375
Supplies	6,680	-	2,786	29,982	14,747	65,165	3,944	1,827
Communications	5,087	-	1,773	19,821	587	17,480	-	-
Postage and shipping	15	-	8	1,136	-	17,873	-	-
Occupancy	3,936	25,050	1,457	39,031	111	27,401	-	-
Equipment rental/maintenance	99	-	47	913	-	588	2,598	294
Printing and publications	2,697	-	824	5,650	260	31,981	-	-
Travel	395	-	862	20,247	4,023	6,331	616	982
Staff development/training/seminars	-	-	-	52	-	-	-	-
Insurance	1,106	-	645	2,804	-	672	-	-
Assistance to individuals	25,243	-	2,642	177,763	222,462	3,582,156	884,968	902,682
Contracted services	907	-	1,403	-	-	-	-	-
Raw food	-	-	-	-	-	-	-	-
Miscellaneous	1,845	-	369	737	-	19,132	-	-
Capital expenditures	-	-	-	-	-	-	-	-
Indirect costs	36,569	-	15,090	42,728	3,411	36,978	7,108	6,360
Total expenditures	\$ 437,698	\$ 25,050	\$ 174,325	\$ 788,274	\$ 280,405	\$ 4,184,134	\$ 972,752	\$ 980,042

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Schedule of Individual Grant Fund Revenues and Expenditures
Year Ended June 30, 2021

	Commodities	Head Start	Early Head Start	Head Start Training and Technical Assistance	Early Head Start Training and Technical Assistance	Child & Adult Care Food Program	Head Start & Early Head Start CARES (COVID-19)	Head Start & Early Head Start CRRSA (COVID-19)	SRAE
REVENUE									
Federal assistance	\$ 78,321	\$ 8,734,886	\$ 1,175,540	\$ 91,382	\$ 23,906	\$ 475,630	\$ 815,567	\$ 21,517	\$ 304,820
State assistance	-	-	-	-	-	-	-	-	-
Total Revenue	\$ 78,321	\$ 8,734,886	\$ 1,175,540	\$ 91,382	\$ 23,906	\$ 475,630	\$ 815,567	\$ 21,517	\$ 304,820
EXPENDITURES									
Salaries and wages	\$ -	\$ 4,796,600	\$ 669,275	\$ -	\$ -	\$ 158,700	\$ 23,367	\$ -	\$ 198,148
Fringe benefits	-	1,049,666	132,728	-	-	-	6,783	-	29,499
Professional services	-	11,365	1,496	22,871	7,849	-	1,026	-	5,015
Supplies	4,760	411,798	120,174	17,664	1,629	-	584,935	18,553	18,631
Communications	-	173,161	11,561	-	-	-	-	-	2,173
Postage and shipping	-	4,636	309	-	-	-	-	-	4
Occupancy	70,998	671,492	62,881	-	-	-	955	-	8,341
Equipment rental/maintenance	-	8,528	4,691	-	-	-	-	-	273
Printing and publications	-	56,670	1,467	-	-	-	6,883	-	1,478
Travel	-	76,148	1,467	-	-	-	-	-	2,571
Staff development/training/seminars	2,563	12,499	1,278	23,600	6,779	-	2,093	450	-
Insurance	-	72,104	8,093	-	-	-	-	-	516
Assistance to individuals	-	9,447	1,183	-	-	-	138,089	2,514	3,866
Contracted services	-	108,421	7,162	-	-	-	-	-	11,250
Raw food	-	160,601	23,214	-	-	316,930	-	-	-
Miscellaneous	-	22,201	2,325	27,247	7,649	-	-	-	70
Capital expenditures	-	514,734	48,600	-	-	-	48,726	-	-
Indirect costs	-	574,815	77,636	-	-	-	2,710	-	22,985
Total expenditures	\$ 78,321	\$ 8,734,886	\$ 1,175,540	\$ 91,382	\$ 23,906	\$ 475,630	\$ 815,567	\$ 21,517	\$ 304,820

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Schedule of Individual Grant Fund Revenues and Expenditures
Year Ended June 30, 2021

	Educational Opportunity Center	Upward Bound Scott/Morgan	Upward Bound Grainger/ Hawkins	Talent Search	EFSP	Senior Nutrition	Senior Nutrition COVID-19	Totals
REVENUE								
Federal assistance	\$ 238,350	\$ 399,298	\$ 299,724	\$ 416,646	\$ 55,960	\$ 720,417	\$ 325,788	\$ 21,821,057
State assistance	-	-	-	-	-	47,924	-	247,299
Total Revenue	\$ 238,350	\$ 399,298	\$ 299,724	\$ 416,646	\$ 55,960	\$ 768,341	\$ 325,788	\$ 22,068,356
EXPENDITURES								
Salaries and wages	\$ 140,714	\$ 150,692	\$ 108,513	\$ 204,747	\$ -	\$ 257,446	\$ -	\$ 7,983,842
Fringe benefits	19,907	29,952	23,240	39,541	-	41,406	-	1,588,367
Professional services	331	811	678	516	-	1,561	-	63,778
Supplies	21,044	20,464	22,624	27,098	-	40,286	952	1,435,743
Communications	3,785	5,264	4,298	7,138	-	5,079	-	257,207
Postage and shipping	2,875	6,074	4,110	7,816	-	316	-	45,172
Occupancy	815	580	665	690	-	28,068	80	942,551
Equipment rental/maintenance	6	6	6	6	-	3,554	-	21,609
Printing and publications	4,609	602	581	1,075	-	806	-	115,583
Travel	5,532	1,600	409	3,528	-	48,716	-	173,427
Staff development/training/seminars	976	623	613	743	-	636	-	52,905
Insurance	234	1,199	970	3,034	-	2,241	-	93,618
Assistance to individuals	19,630	162,091	118,420	95,170	55,960	-	-	6,404,286
Contracted services	-	-	-	250	-	-	-	129,393
Raw food	-	-	-	-	-	263,602	324,756	1,089,103
Miscellaneous	1,569	1,860	2,009	1,514	-	44,760	-	133,287
Capital expenditures	-	-	-	-	-	-	-	612,060
Indirect costs	16,323	17,480	12,588	23,780	-	29,864	-	926,425
Total expenditures	\$ 238,350	\$ 399,298	\$ 299,724	\$ 416,646	\$ 55,960	\$ 768,341	\$ 325,788	\$ 22,068,356

COMPLIANCE SECTION

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

Board of Directors
Douglas-Cherokee Economic Authority, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, and each major fund of Douglas-Cherokee Economic Authority, Inc. (the "Agency"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated January 19, 2022. Our report includes a reference to another auditor who audited all of the discretely presented component units, as described in our report on the Agency's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rodger Mass & Co, PLLC

Greeneville, Tennessee
January 19, 2022

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors
Douglas-Cherokee Economic Authority, Inc.

Report on Compliance for Each Major Federal Program

We have audited Douglas-Cherokee Economic Authority, Inc.'s (the "Agency") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended June 30, 2021. The Agency's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The Agency's operations include the operations of certain component units which received approximately \$65 million in federal awards (including, primarily, HUD loan programs). Our audit, as described below, did not include the operations of these component units, because those component units engaged other auditors to perform audits in accordance with the *Uniform Guidance*, as applicable.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Agency, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Rodger Moss & Co, PLLC

Greeneville, Tennessee
January 19, 2022

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

2021

A. Summary of Audit Results

1. The auditors' report expresses an unmodified opinion on the financial statements of Douglas-Cherokee Economic Authority, Inc.
2. There are no significant deficiencies reported relating the audit of the financial statements. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Douglas-Cherokee Economic Authority, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs are disclosed. No material weaknesses are reported.
5. The auditors' report on compliance for the major federal award programs for Douglas-Cherokee Economic Authority, Inc. expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516 (a) are reported in this Schedule.
7. The programs tested as major programs for Douglas Cherokee Economic Authority, Inc. were Head Start Cluster (93.600) and Aging Cluster (93.044, 93.045, and 93.053).
8. The threshold used for distinguishing Type A and B programs was \$750,000.
9. Douglas-Cherokee Economic Authority, Inc. was determined to be a low-risk auditee.
10. There were no questioned costs for Douglas Cherokee Economic Authority, Inc.

B. Findings - Financial Statement Audit

None

C. Findings - Major Federal Program Awards Audit

None

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.
Schedule of Prior Year Findings
Year Ended June 30, 2021

Prior Year Financial Statement Findings

None

Prior Year Major Federal Program Awards Audit Findings

None