



TRI-COUNTY COUNCIL FOR SOUTHERN MARYLAND
P.O. BOX 745 HUGHESVILLE, MARYLAND 20637
WWW.FACEBOOK.COM/TCCSMD
WWW.TCCSMD.ORG

(301) 274-1922
(301) 870-2520
FAX (301) 274-1924

Tri-County Council for Southern Maryland

April 1, 2026

TO: Audit Firms
FROM: Melinda Bowling, Finance Director
SUBJECT: Enclosed Request for Proposal (RFP)

The Tri-County Council for Southern Maryland is soliciting proposals from qualified firms of certified public accountants to perform a financial and compliance audit of the Tri-County Council for Southern Maryland (Council) for the fiscal year ending June 30, 2026, with the option of continuing the audit for the four subsequent fiscal years. The Council's Federal Grants are above the \$1,000,000 threshold and require a Single Audit.

Enclosed for your consideration is a Request for Proposal (RFP).

To be considered for this engagement, your firm must meet the qualifications and satisfy the requirements set forth in the RFP.

Completed proposals must be received at the address below by 4:00 pm on 6/10/2026.

Tri-County Council for Southern Maryland
Attn: John F. Hartline
PO Box 745
Hughesville, Maryland 20637

All questions and correspondence should be directed to John F. Hartline in writing at the above address, by email at jhartline@tccsmd.org or by calling 301-274-1922.

Requests for clarification of the information contained in this RFP are recommended and will not be referenced as a part of the evaluation process.

Tri-County Council for Southern Maryland

Audit Committee

REQUEST FOR PROPOSALS

FOR

PROFESSIONAL AUDITING SERVICES

4/1/26

Tri-County Council for Southern Maryland

PO Box 745

Hughesville, MD 20637

Tri-County Council for Southern Maryland

REQUEST FOR PROPOSALS

TABLE OF CONTENTS

I. INTRODUCTION

- A. General Information
- B. Term of Engagement

II. NATURE OF SERVICES REQUIRED

- A. General
- B. Scope of Work to be Performed
- C. Auditing Standards to be Followed
- D. Reports to be Issued
- E. Special Considerations
- F. Working Paper Retention and Access to Working Papers

III. DESCRIPTION OF THE GOVERNMENT

- A. Name and Telephone Number of Contact Persons/Organizational Chart/Location of Offices
- B. Background Information
- C. Fund Structure
- D. Budgetary Basis of Accounting
- E. Federal and State Financial Assistance
- F. Pension Plans
- G. Component Units
- H. Magnitude of Finance Operations
- I. Computer Systems
- J. Availability of Prior Reports and Working Papers

IV. TIME REQUIREMENTS/ESTIMATES

- A. Proposal Calendar
- B. Notification and Contract Dates
- C. Date Audit May Commence
- D. Schedule for the 2026 Fiscal Year Audit
 - 1. Interim Work
 - 2. Detailed Audit Plan and Programs
 - 3. Fieldwork
 - 4. Draft Reports
 - 5. Presentation
- E. Entrance Conferences, Progress Reporting and Exit Conferences
- F. Date Final Report is Due

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

- A. Finance Department and Clerical Assistance
- B. Statements and Schedules to be prepared by the Staff of the Council
- C. Work Area, Telephone, Photocopying and FAX Machines
- D. Report Preparation

VI. PROPOSAL REQUIREMENTS

- A. General Requirements
 - 1. Inquiries
 - 2. Submission of Proposals
- B. Technical Proposal
 - 1. General Requirements
 - 2. Independence
 - 3. License to Practice in Maryland
 - 4. Firm Qualifications and Experience
 - 5. Partner, Supervisory and Staff Qualifications and Experience
 - 6. Prior Engagements with the Council
 - 7. Similar Engagements with Other Non-Profit Entities
 - 8. Specific Audit Approach
 - 9. Identification of Anticipated Potential Audit Problems
 - 10. Report Format

C. Sealed Dollar Cost Bid

1. Total all-inclusive Maximum Price
2. Rates by Partner, Specialist, Supervisory and Staff Level Times Hours Anticipated for Each
3. Out-of-pocket Expenses in the Total All-inclusive Maximum Price and Reimbursement Rates
4. Rates for Additional Professional Services
5. Manner of Payment

VII. EVALUATION PROCEDURES

- A. Audit Committee
- B. Review of Proposals
- C. Evaluation Criteria
 1. Mandatory Elements
 2. Technical Qualifications
 3. Price
- D. Oral Presentations
- E. Final Selection
- F. Right to Reject Proposals

REQUEST FOR PROPOSALS

I. INTRODUCTION

A. General Information

The Tri-County Council for Southern Maryland is requesting proposals from qualified firms of certified public accountants to perform the Council's Comprehensive Annual Financial Audit as well as the Council's Annual Single Audit of Federal Awards for the fiscal year ending June 30, 2026, with the option of continuing the audit for the four subsequent fiscal years. These audits are to be conducted in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Uniform Guidance for audit requirements for entities expending federal awards.

There is no expressed or implied obligation for the Council to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

To be considered, two original copies of a proposal must be received by Melinda Bowling at P.O. Box 745, Hughesville, Maryland 20637 by 4:00pm on 6/10/26. The Council reserves the right to reject any or all proposals submitted.

Proposals submitted will be evaluated by a committee established for that purpose and based on the evaluation criteria set forth in Section VII. below. The Evaluation Committee will review Proposals and provide input to the Procurement Officer. The Council reserves the right to utilize the services of individuals outside of the established Evaluation Committee for advice and assistance, as deemed appropriate. During the evaluation process, the Procurement Officer may determine at any time that a particular Offeror is not susceptible for award.

During the evaluation process, the Council reserves the right, where it may serve the Council's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the Council, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The Council reserves the right to retain all proposals submitted.

It is anticipated the selection of a firm will be completed by 6/25/26. Following the notification of the selected firm it is expected a contract will be executed between both parties by 7/10/26.

B. Term of Engagement

A five-year contract is contemplated, subject to the annual review and recommendation of the Audit Committee, the satisfactory negotiation of terms (including a price acceptable to both the Council and the selected firm), the concurrence of Executive Board of the Council and the annual availability of an appropriation.

II. NATURE OF SERVICES REQUIRED

A. General

The Tri-County Council for Southern Maryland is soliciting the services of qualified firms of certified public accountants to perform the audits required at our June 30, 2026, fiscal year end, with the option of continuing the audit for the four subsequent fiscal years. These audits are to be performed in accordance with the provisions contained in this request for proposals.

B. Scope of Work to be Performed

The Tri-County Council for Southern Maryland desires the auditor to express an opinion on the fair presentation of its Financial and Compliance Audit and Single Audit for the fiscal year ending June 30, 2026. Also, the auditor will complete and file the Council's Annual 990 with the IRS.

C. Auditing Standards to be Followed

To satisfy the requirements of this Request for Proposals, the audit shall be conducted in accordance with Generally Accepted Auditing Standards (GAAS); the Standard for Internal Control in the Federal Government ("Green Book") as applicable; Government Auditing Standards (also known as the Yellow Book), issued by the Comptroller General of the United States; and Title 2 of the code of Federal Regulations, Part 200, Subpart F – Audit requirement (Uniform Guidance), including the Single Audit requirements for entities expending federal awards. The audit shall also address any other applicable federal, state, or local audit requirements. We expect the auditor to perform all services in accordance with the appropriate professional standards and to exercise sound professional judgment as those standards evolve.

D. Reports to be Issued

Following the completion of the Financial and Compliance Audit the auditor shall prepare and issue:

A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles for the Council.

A report on compliance and internal control over financial reporting based on an audit of the financial statements.

A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles for the federally funded grants in accordance with the Single Audit Act.

A report on compliance and internal control over compliance applicable to the federally funded program.

A 990 Return of Organization Exempt from Income Tax

The auditor shall communicate any reportable conditions found during the audit in the required reports on compliance and internal controls. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions that are also material weaknesses shall be identified as such in the report. Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the reports on compliance and internal controls.

Irregularities and illegal acts. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware.

All reports prepared by the auditors are to be submitted to the Finance Director and Council Executive Director for review and approval prior to issuance. The Auditors will also need to present the financial reports to the Executive Board and Full Council at a quarterly Board Meeting.

E. Special Considerations

The Tri-County Council for Southern Maryland is exploring legislation changes to enable the organization to adopt possible Farming Loan programs in addition to accessing the ability to purchase and/or manage properties. A separate explanation on how the Council would be charged for this would be appreciated.

F. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by the Council of the need to extend the retention period. The auditor will be required to make working papers available, upon request and without charge to the Council, to the following parties or their designees:

The Council

U.S. General Accounting Office (GAO)

Parties designated by the federal or state governments or by the Council as part of an audit quality review process

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

III. DESCRIPTION OF THE TRI-COUNTY COUNCIL FOR SOUTHERN MARYLAND

- A. Contact: Melinda Bowling, Finance Director
Phone: 301-274-1922 x320
Address: PO Box 745
Hughesville, MD 20637
Email: mbowling@tccsmd.org

The auditor's principal contact with the Council will be Melinda Bowling, Finance Director.

An organizational chart (Appendix A) is attached, and a list of key personnel is attached.

B. Background Information

Tri-County Council for Southern Maryland is a tax-exempt body politic and corporate, and an independent unit of State government established by the Maryland General Assembly. The membership of the Council is composed of the state senators and delegates representing constituents in Calvert, Charles and St. Mary's counties, along with the county commissioners and a member-at-large from each of the three counties. The Council was permanently established in 1965 as a regional planning and development agency for the Tri-County area. The Council's fiscal year begins on July 1 and ends on June 30.

The Southern Maryland Agricultural Development Commission is the agricultural development entity within the Council, charged with the administration of agricultural land preservation and agricultural development and infrastructure.

The Council provides staff and oversight for the local Workforce Development Board for Southern Maryland, which was created in 2008 and updated in 2014 under the new law, Workforce Innovation and Opportunity Act (WIOA). The Southern Maryland Workforce Development Board partners with Maryland Department of Labor to provide workforce guidance and services at our regional American Job Centers in Calvert, Charles, and St. Mary's Counties as well as in our business community.

The Council is governed by a nine (9) member volunteer Executive Board.

C. Fund Structure

The Council administers all its programs and activities through a single-fund type.

D. Budgetary Basis of Accounting

The Council prepares its budgets on a basis consistent with generally accepted accounting principles. Budgetary comparisons presented for the general fund in the general-purpose financial statements are prepared on a budgetary basis.

E. Federal and State Financial Assistance

The State of Maryland and the three counties in the region appropriate funds to support the basic operations of the Council, while additional federal, state and local grants support the Council's specific programs.

F. Pension Plans

The Council makes a matching contribution equal to 100% of the first 6% of employee contributions that are deducted from the employee's pay, plus discretionary contributions not to exceed the limits of Internal Revenue Code

Sections 415, 404, and 401 (k). Each employee may elect to have their compensation reduced up to 15% or may elect not to participate in the plan. An employee salary reduction election is required in order to share in the Council’s matching contribution for such year but is not required in order to share in the Council’s discretionary contribution, if any.

G. Component Units

The Council does not use Component Units.

For financial reporting purposes, the Council is defined in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as established by the Financial Accounting Standards Board (FASB). In accordance with FASB Accounting Standards Codification (ASC) Topic 958, Not-for-Profit Entities, the Council is required to report information regarding its financial position and activities based on two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

H. Magnitude of Finance Operations

The Finance Director performs the following principal functions with administrative support:

- Function
- Payroll
- Accounts Payable
- Accounts Receivable
- Purchasing
- Fixed Assets
- General Accounting/
- Budgeting

I. Computer Systems

Software

- | | |
|---------------------------|---------------------------|
| <u>Vendor</u> | <u>Major Applications</u> |
| Abila MIP Fund Accounting | Accounts Payable |
| | Accounts Receivable |
| | Allocations Management |
| | Bank Reconciliation |
| | Budget |

- Fixed Assets
- Payroll

J. Availability of Prior Audit Reports and Working Papers

After the award is made, access to prior year's working papers will be granted under the provisions of professional standards. The Council will make prior audit reports available to proposers to aid their response to this request for proposals.

IV. TIME REQUIREMENTS/ESTIMATES

A. Proposal Calendar

The following is a list of key dates up to and including the date proposals are due to be submitted:

Request for proposal issued	April 1, 2026
Virtual Pre-Proposal Q&A	April 30, 2026
Due date for proposals	June 10, 2026

B. Notification and Contract Dates

Contract award by the Council	June 26, 2026
Contract date	July 10, 2026

C. Date Audit May Commence

The Council intends to have all records ready for audit and all management personnel available to meet with the firm's personnel as of September 30, 2026

D. Proposed schedule for the 2026 Fiscal Year Audit (A similar time schedule will be developed for audits of future fiscal years if the Council exercises its option for additional audits).

1. Interim Work

The auditor shall complete interim work by August 31, 2026.

2. Detailed Audit Plan

The auditor shall provide Council by August 17, 2026, both a detailed audit plan and a list of all schedules to be prepared by the Council. Examples of the schedules should be made available when possible.

3. Fieldwork

The auditor shall complete all fieldwork by October 30, 2026.

4. Draft Reports

The auditor shall have reviewed the Council's draft of the audit report[s] and have recommendations to management available for review by the Audit Committee by November 10, 2026.

5. Presentation to Council Executive Board.

The audit firm lead auditor will meet with the Executive Board to present the audit findings at the January 2027 meeting.

E. Entrance Conferences, Progress Reporting and Exit Conferences (A similar time schedule will be developed for audits of future fiscal years if the Council exercises its option for additional audits).

At a minimum, the following conferences should be held by the dates indicated on the schedule:

Entrance conference with the Finance Director, Executive Director(s) of key programs	<u>Week of</u> July 13, 2026
---	---------------------------------

The purpose of this meeting will be to discuss the audit and to plan and schedule the interim work to be performed. This meeting will also be used to establish overall liaison for the audit and to make arrangements for workspace and other needs of the auditor.

Progress conference with Finance Director July 27, 2026

The purpose of this meeting will be to summarize the results of the preliminary review and to identify the key internal controls or other matters to be tested. Also, discuss the year-end work to be performed.

Entrance conference with the Finance Director to commence year-end audit work

September 30, 2026

Exit conference with the Council Executive Director and Finance Director

November 10, 2026

The purpose of this meeting will be to summarize the results of the field work and to review significant findings.

F. Date Final Report is Due:

The auditor shall provide a draft audit report to the Council’s Executive Director and Finance Director by November 10, 2026.

The Audit Committee will complete a review of the draft audit report as expeditiously as possible. Once all issues for discussion are resolved, the auditor shall present audit findings to the Executive Board at the January 2027 Board Meeting.

The auditor shall deliver fifty (50) final audit reports to the Council no later than December 7, 2026.

All audit reports prepared under this contract will be reviewed by the Tri-County Council’s Executive and Full Board and their funding sources (Maryland Department of Commerce, Maryland Department of Agriculture, Maryland Department of Transportation, Maryland Department of Labor, US Department of Agriculture, US Department of Labor and Calvert, Charles and St. Mary’s counties) to ensure compliance with General Accounting Office’s (GAO) Government Audit Standards – Standards for Audit of Governmental Organizations, Programs, Activities, and Functions and other appropriate audit guides.

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Finance Department and Clerical Assistance

The finance department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the Council staff based on requests by auditor.

B. Statements and Schedules to be prepared by the Staff of the Council

The staff of the Council will prepare the following schedules for the auditor by the dates indicated

<u>Statement or Schedule</u>	<u>Date</u>
<u>Permanent File Documents</u>	9/30/26
<u>General</u>	9/30/26
Balance Sheet & Statement of Revenues & Expenditures	
Trial Balance at June 30, 2026	
Statement of Activities	
General ledger available for review	
Summary of all related party transactions, including loans, lease payments, rents, etc.	
FY 2026 Budget	
Copies of Executive Board Meeting & Full Council Meetings minutes from July 2025 to present	
Grant Confirmations: completed for all major grants	
<u>Cash</u>	9/30/26
Copy of the reconciliation of all bank accounts as of June 30, 2026	
Bank statements	
<u>Receivables</u>	9/30/26
Schedule of accounts receivable as of June 30, 2026	
Schedule of contributions pledged, if applicable	
<u>Prepays & Other Assets</u>	9/30/26
Listing of any prepaid items such as rent or insurance, etc. at June 30, 2026	
Deferred Revenue reconciliations at June 30, 2026	

<u>Fixed Assets</u>	9/30/26
<u>Accounts Payable/Accrued Expenses</u>	9/30/26
<u>Payroll</u>	9/30/26
<u>Grants</u>	9/30/26

C. Work Area, Telephones, Photocopying and FAX Machines

The Council will provide the auditor with reasonable workspace, desks and chairs. The auditor will also be provided with access to one telephone line, photocopying & scanning facilities and a FAX machine.

D. Report Preparation

Report preparation and editing shall be the responsibility of the auditors. Reports may be submitted earlier than the above schedule. However, if the firm fails to make a delivery of the audit reports within the time schedule specified herein, or if the firm delivers audit reports which do not conform to all of the provisions of this contract, the Council may, by written notice of default to the auditor, terminate the whole or any part of this contract. Under certain extenuating circumstances the Council may adjust the schedule upon written request of the auditor with sufficient justification. Printing 50 final copies shall be the responsibility of the auditor.

VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Inquiries

Inquiries concerning the request for proposals and the subject of the request for proposals must be made to:

Melinda Bowling
PO Box 745
Hughesville, Maryland 20637
301-274-1922 x320
mbowling@tccsmd.org

2. Notices

Compliance with Laws/Arrearages

By submitting a Proposal in response to this RFP, the Offeror, if selected for award, agrees that it will comply with all federal, State, and local laws applicable to its activities and obligations under the Contract.

By submitting a response to this solicitation, each Offeror represents that it is not in arrears in the payment of any obligations due and owing the State, including the payment of taxes and employee benefits, and shall not become so in arrears during the term of the Contract if selected for Contract award.

Verification of Registration and Tax Payment

Before a business entity can do business in the State, it must be registered with the State Department of Assessments and Taxation (SDAT). SDAT is located at 123 Market Place Baltimore, MD 21202. For registration information, visit <https://www.egov.maryland.gov/businessexpress>.

It is strongly recommended that any potential Offeror complete registration prior to the Proposal due date and time. The Offeror's failure to complete registration with SDAT may disqualify an otherwise successful Offeror from final consideration and recommendation for Contract award.

Public Information Act Notice

The Offeror should give specific attention to the clear identification of those portions of its Proposal that it considers confidential and/or proprietary commercial information or trade secrets, and provide justification why such materials, upon request, should not be disclosed by the State under the Public Information Act, Md. Code Ann., General Provisions Article, Title 4. This information should be identified by page and section number and placed after the Title Page and before the Table of Contents in the Technical Proposal and if applicable, separately in the Financial Proposal.

3. Submission of Proposals

The following material is required to be received by 6/10/26 for a proposing firm to be considered:

- a. A master copy (so marked) of a Technical Proposal and one copy to include the following:

i. Title Page

Title page showing the request for proposals subject; the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.

ii. Table of Contents

iii. Transmittal Letter

A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for sixty days.

iv. Detailed Proposal

The detailed proposal should follow the order set forth in Section VI. B of this request for proposals.

- v. Executed copies of Proposer Guarantees and Warranties, attached to this request for proposal, Appendix C.

- b. The proposer shall submit an original and one copy of a dollar cost bid in a separate sealed envelope marked as follows:

SEALED DOLLAR COST BID PROPOSAL
FOR
TRI-COUNTY COUNCIL FOR SOUTHERN MD
FOR
PROFESSIONAL AUDITING SERVICES
6/10/26

Page one of Appendix D shall be the first page of this package.

- c. Proposers should send the completed proposal consisting of the two separate envelopes to the following address:

Melinda Bowling
PO Box 745
Hughesville, Maryland 20637
301-274-1922

B. Technical Proposal

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.

1. General Requirements

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the Council in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposal requirements.

The Technical Proposal should address all the points outlined in the request for proposal (excluding any cost information which should only be included in the sealed dollar cost bid). The Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposal. While additional data may be presented, the following subjects, items Nos. 2 through 10, must be included. They represent the criteria against which the proposal will be evaluated.

2. Independence

The firm should provide a written affirmation of its independence from the Council in accordance with the most current applicable professional standards. The firm should also list and describe the firm's professional relationships involving the Council or any of its agencies or component units for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to

performing the proposed audit.

In addition, the firm shall give the Council written notice of any professional relationships entered into during the period of this agreement.

3. License to Practice in Maryland

An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in Maryland.

4. Firm Qualifications and Experience

The proposer should state the size of the firm, the size of the firm's audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

The firm is also required to submit a copy of the report on its most recent external quality control review.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

5. Partner, Supervisory and Staff Qualifications and Experience

Identify the principal supervisory and management staff,

including.

engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in Maryland. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the Council. However, in either case, the Council retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposal can only be changed with the express prior written permission of the Council, which retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

6. Prior Engagements with the Council.

List separately all engagements within the last five years, ranked on the basis of total staff hours, for the Council by type of engagement (i.e., audit, management advisory services, other). Indicate the scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.

7. Similar Engagements with Other Non-Profit Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum - 5) performed in the last five years that are similar to the engagement described in this request for proposal. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

8. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this request for proposal. In developing the work plan, reference should be made to such sources of information as the Council's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Proposers will be required to provide the following information on their audit approach:

- a. Proposed segmentation of the engagement
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement
- c. Sample size and the extent to which statistical sampling is to be used in the engagement
- d. Type and extent of analytical procedures to be used in the engagement
- e. Approach to be taken to gain and document an understanding of the Council's internal control structure
- f. Approach to be taken in determining laws and regulations that will be subject to audit test work
- g. Approach to be taken in drawing audit samples for purposes of tests of compliance

9. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the Council.

10. Report Format

The proposal should include sample formats for required reports.

C. Sealed Dollar Cost Bid

1. Total all-inclusive Maximum Price

The sealed dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this request for proposal. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

The Council will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar cost bid. Such costs should not be included in the proposal.

The first page of the sealed dollar cost bid should include the following information:

- a. Name of Firm
- b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the Council.
- c. A total all-inclusive maximum price for the Fiscal Year 2026 engagement and a total all-inclusive maximum price for future years. The price for future years should be presented either as a flat amount "not to exceed" or linked to a recognized index such as the consumer price index.

2. Rates by Partner, Specialist, Supervisory and Staff Level Times Hours Anticipated for Each.

The second through the seventh page of the sealed dollar cost bid should include a schedule of professional fees and expenses, presented in the format provided in the attachment (Appendix D), that supports the total all-inclusive maximum price.

3. Out-of-pocket Expenses Included in the Total All-inclusive Maximum Price and Reimbursement Rates.

All expense reimbursements will be charged against the total all-inclusive maximum price submitted by the firm.

4. Rates for Additional Professional Services

If it should become necessary for the Council to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the Council and the firm. Any such additional work agreed to between the Council and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the sealed dollar cost bid.

5. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement. Interim billing shall cover a period of not less than a calendar month. Upon delivery of the fifty (50) copies of the final reports to the Council and their acceptance and approval, the firm may submit a final bill for the remaining amount due to the contract for the audit.

The Council reserves the right to reduce or withhold Contract payment in the event the Contractor does not provide all required deliverables within the time frame specified in the Contract or otherwise fails to satisfy the terms and conditions of the Contract until such time as the Contractor brings itself into full compliance with the Contract.

The State is generally exempt from federal excise taxes, Maryland sales and use taxes, District of Columbia sales taxes and transportation taxes. The Contractor, however, is not exempt from such sales and use taxes and may be liable for the same.

All invoices will include contractor name and address, remittance address, Federal taxpayer identification number, invoice period, invoice date, invoice number, goods or services provided, amount due, and any additional documentation required by the contract.

VII. EVALUATION PROCEDURES

A. Evaluation Committee

Proposals submitted will be evaluated by the evaluation committee.

B. Review of Proposals

The evaluation Committee will use a point formula during the review process to score proposals. Each member of the evaluation Committee will first score each technical proposal by each of the criteria described in Section VII C below. The evaluation Committee will then convene to review and discuss these evaluations and to combine the individual scores to arrive at a composite technical score for each firm. At this point, firms with an unacceptably low technical score will be eliminated from further consideration.

After the composite technical score for each firm has been established, the sealed dollar cost bid will be opened, and additional points will be added to the technical score based on the price bid. The maximum score for price will be assigned to the firm offering the lowest total all-inclusive maximum price. Appropriate fractional scores will be assigned to other proposers.

The Council reserves the right to retain all proposals submitted.

C. Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the

mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria which will be considered during the evaluation process.

1. Mandatory Elements

- a. The audit firm is independent and licensed to practice in Maryland
- b. The firm has no conflict of interest regarding any other work performed by the firm for the Tri-County Council for Southern Maryland. See Conflict of Interest form attached.
- c. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal
- d. The firm submits a copy of its last external quality control review report, and the firm has a record of quality audit work

2. Technical Qualifications: (Maximum Points – 65)

a. Expertise and Experience

- (1) The firm's past experience and performance on comparable non-profit engagements
- (2) The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation

b. Audit Approach

- (1) Adequacy of proposed staffing plan for various segments of the engagement
- (2) Adequacy of sampling techniques
- (3) Adequacy of analytical procedures

3. Price: (Maximum Points - 35)

D. Oral Presentations

During the evaluation process, the evaluation Committee may, at its discretion, request any one or all offerors to make oral presentations to the evaluation Committee. Oral presentations are considered part of the Technical Proposal. Offerors must confirm in writing any substantive oral clarification of, or

change in, their Proposals made during discussions. Any such written clarifications or changes then become part of the Offeror's Proposal. The Procurement Officer will notify Offerors of the time and place of oral presentations. Not all firms may be asked to make such oral presentations.

E. Final Selection

The Council will make a selection based on the recommendation of the evaluation Committee.

It is anticipated that a firm will be selected by 6/25/26. Following notification of the firm selected, it is expected a contract will be executed between both parties by 7/10/26.

F. Right to Reject Proposals

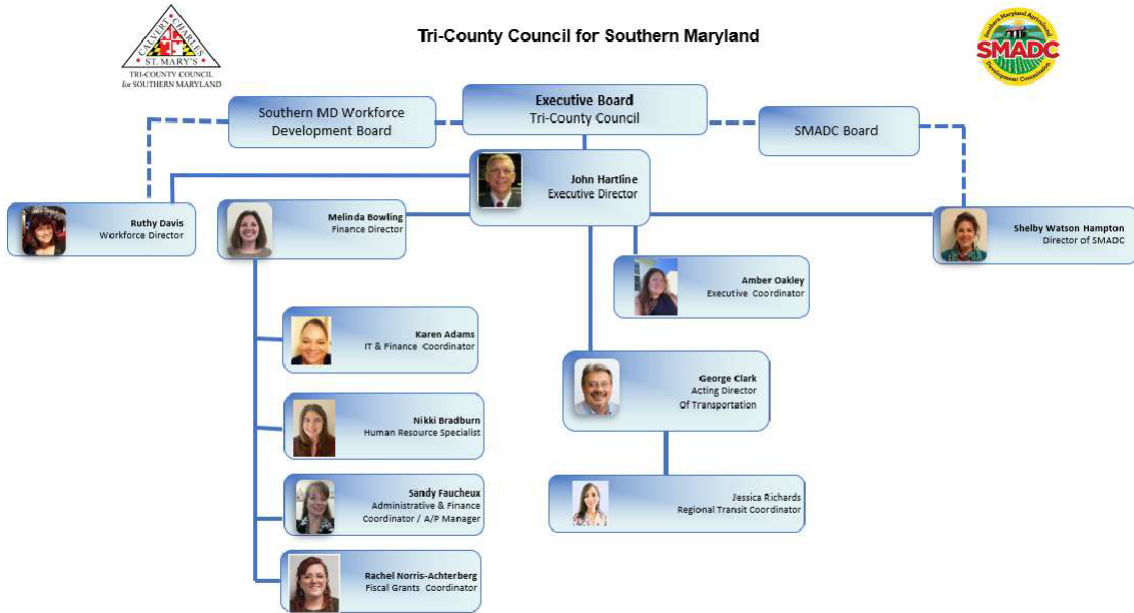
Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Council and the selected firm.

The Council reserves the right without prejudice to reject any or all proposals.

APPENDICES

- A. Organizational Chart
- B. List of Key Officials
- C. Proposer Guarantees and Warranties
- D. Summary and Schedules of Professional Fees
- E. Conflict of Interest Affidavit and Disclosure
- F. Also included with this Request for Proposals are the following documents:
 - 1. Audited Financial Statements for FY 2025
 - 2. Schedule of Expenditures of Federal Awards for FY 2025

APPENDIX A



APPENDIX B

LIST OF KEY PERSONNEL

Name and Title

John F. Hartline
Executive Director

Melinda Bowling
Finance Director

Ruth A. Davis
Director, Regional Workforce & Business Development

Nikki Bradburn
HR Director & Executive Board Coordinator

Shelby Watson-Hampton
Director, Southern Maryland Agricultural Development Commission

George Clark
Director, Transportation

APPENDIX C

PROPOSER GUARANTEES AND WARRANTIES

- I. The proposer certifies it can and will provide and make available, as a minimum, all services set forth in Section II, Nature of Services Required.
- II. The proposer has read this request for proposal and agrees that the rights and prerogatives as detailed in this request are retained by the Council.
- III. Proposer warrants that it is willing and able to comply with State of Maryland laws.
- IV. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
- V. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the Council.
- VI. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.
- VII. The proposer agrees to be bound by the contractual requirements listed in this request for proposal.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

APPENDIX D

Page 1

SUMMARY OF PROFESSIONAL FEES

FOR FISCAL YEAR 2026

Total cost of audit for the Council _____

Total cost of Single Audit for the Council _____

Total cost of 990 _____

Total cost of all services (Fiscal Year 2026) _____

Total cost of all services Option year 2 (Fiscal Year 2027) _____

Total cost of all services Option year 3 (Fiscal Year 2028) _____

Total cost of all services Option year 4 (Fiscal Year 2029) _____

Total cost of all services Option year 5 (Fiscal Year 2030) _____

APPENDIX D
Page 2

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE 2026 FINANCIAL STATEMENTS:
SUPPORTING SCHEDULE FOR THE COUNCIL

	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	_____	_____	_____	_____
Managers	_____	_____	_____	_____
Supervisory Staff	_____	_____	_____	_____
Staff	_____	_____	_____	_____
Other (specify):				
Subtotal				_____
Out-of-pocket expenses:				
Meals and lodging				_____
Transportation				_____
Other (specify): _____				_____
Total price for the Tri-County Council for Southern Maryland				

APPENDIX D
Page 3

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE 2026 FINANCIAL STATEMENTS:
SUPPORTING SCHEDULE FOR SINGLE AUDIT FOR THE COUNCIL

	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	_____	_____	_____	_____
Managers	_____	_____	_____	_____
Supervisory Staff	_____	_____	_____	_____
Staff	_____	_____	_____	_____
Other (specify):				
Subtotal				_____
Out-of-pocket expenses:				
Meals and lodging				_____
Transportation				_____
Other (specify): _____				_____
Total price for the Tri-County Council for Southern Maryland				

Attachment E. Conflict of Interest Affidavit and Disclosure

Reference COMAR 21.05.08.08

A. "Conflict of interest" means that because of other activities or relationships with other persons, a person is unable or potentially unable to render impartial assistance or advice to the State, or the person's objectivity in performing the contract work is or might be otherwise impaired, or a person has an unfair competitive advantage.

B. "Person" has the meaning stated in COMAR 21.01.02.01B(64) and includes a Offeror, Contractor, consultant, or subcontractor or sub-consultant at any tier, and also includes an employee or agent of any of them if the employee or agent has or will have the authority to control or supervise all or a portion of the work for which a Proposal is made.

C. The Offeror warrants that, except as disclosed in §D, below, there are no relevant facts or circumstances now giving rise or which could, in the future, give rise to a conflict of interest.

D. The following facts or circumstances give rise or could in the future give rise to a conflict of interest (explain in detail — attach additional sheets if necessary):

E. The Offeror agrees that if an actual or potential conflict of interest arises after the date of this affidavit, the Offeror shall immediately make a full disclosure in writing to the procurement officer of all relevant facts and circumstances. This disclosure shall include a description of actions which the Offeror has taken and proposes to take to avoid, mitigate, or neutralize the actual or potential conflict of interest. If the contract has been awarded and performance of the contract has begun, the Contractor shall continue performance until notified by the procurement officer of any contrary action to be taken.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

Date: _____ By: _____
(Authorized Representative and Affiant)

SUBMIT THIS AFFIDAVIT WITH BID/PROPOSAL

**TRI-COUNTY COUNCIL FOR
SOUTHERN MARYLAND**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2025**

TABLE OF CONTENTS

Independent Auditor's Report	1-3
Financial Statements:	
Statement of Financial Position (Exhibit A).....	4-5
Statement of Activities and Changes in Net Assets (Exhibit B).....	6
Statement of Functional Expenses (Exhibit C).....	7
Statement of Cash Flows (Exhibit D).....	8
Notes to Financial Statements	9-17
Supplemental Information:	
Schedule of Expenditures of Federal Awards	18-20
Notes to Schedule of Expenditures of Federal Awards	21
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	22-23
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	24-26
Schedule of Findings and Questioned Costs.....	27



Askey, Askey & Associates, CPA, LLC

23507 Hollywood Road, Suite 1, Leonardtown, MD 20650
(301) 475-5671 Fax (301) 475-9108

102 Centennial Street, Suite 101, La Plata, MD 20646
(301) 934-5780 Fax (301) 934-9162

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Tri-County Council for Southern Maryland
Hughesville, Maryland

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Tri-County Council for Southern Maryland (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tri-County Council for Southern Maryland as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Tri-County Council for Southern Maryland and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tri-County Council for Southern Maryland's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Tri-County Council for Southern Maryland's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tri-County Council for Southern Maryland's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2025, on our consideration of the Tri-County Council for Southern Maryland'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 Tri-County Council for Southern Maryland'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 Tri-County Council for Southern Maryland's internal control over financial reporting and compliance.

CERTIFIED PUBLIC ACCOUNTANTS

Leonardtown, Maryland
December 18, 2025

TRI-COUNTY COUNCIL FOR SOUTHERN MARYLAND
Statement of Financial Position
June 30, 2025

Assets

Current Assets	
Cash and Cash Equivalents	\$ 6,201,578
Grants and Other Receivables	1,049,535
Prepaid Expenses	<u>95,238</u>
Total Current Assets	<u>7,346,351</u>
Other Assets	
Operating Lease Right-of-Use Asset	115,934
Property and Equipment, Net	<u>277,175</u>
Total Other Assets	<u>393,109</u>
Total Assets	<u><u>\$ 7,739,460</u></u>

The Accompanying Notes to Financial Statements
Are an Integral Part of These Financial Statements.

TRI-COUNTY COUNCIL FOR SOUTHERN MARYLAND
Statement of Financial Position
June 30, 2025

Liabilities

Current Liabilities

Accounts Payable and Accrued Expenses	\$	303,962
Accrued Payroll		89,526
Accrued Compensated Absences		185,681
Current Operating Lease Liability		119,420
Deferred Revenue		<u>2,288,435</u>

Total Current Liabilities 2,987,024

Total Liabilities 2,987,024

Net Assets

With Donor Restrictions		2,569,136
Without Donor Restrictions		<u>2,183,300</u>

Total Net Assets 4,752,436

Total Liabilities and Net Assets \$ 7,739,460

The Accompanying Notes to Financial Statements
Are an Integral Part of These Financial Statements.

TRI-COUNTY COUNCIL FOR SOUTHERN MARYLAND
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
State Grants	\$ 5,524,168	\$ 55,865	\$ 5,580,033
Federal Grants	2,685,881		2,685,881
Local Grants	529,031		529,031
County Appropriations	375,000		375,000
Recovery of Grant Funds	365,256		365,256
Interest	353,967		353,967
Other Revenue	53,889		53,889
Donations	182		182
Net Assets Released from Restriction	29,803	(29,803)	
Total Support and Revenue	<u>9,917,177</u>	<u>26,062</u>	<u>9,943,239</u>
Expenses			
Program Services	9,197,072		9,197,072
Management and General	594,525		594,525
Total Expenses	<u>9,791,597</u>		<u>9,791,597</u>
Increase (Decrease) in Net Assets	125,580	26,062	151,642
Net Assets at Beginning of Year	<u>2,057,720</u>	<u>2,543,074</u>	<u>4,600,794</u>
Net Assets at End of Year	<u>\$ 2,183,300</u>	<u>\$ 2,569,136</u>	<u>\$ 4,752,436</u>

The Accompanying Notes to Financial Statements
Are an Integral Part of These Financial Statements.

EXHIBIT C

**TRI-COUNTY COUNCIL FOR SOUTHERN MARYLAND
Statement of Functional Expenses
For the Year Ended June 30, 2025**

	RMEDF	Workforce Development Board	SMADC	All Other Programs	Total Programs	Management & General	Total
Grants and Scholarships Awarded	\$ 2,155,048	\$ 137,740	\$ 521,505	\$ 82,440	\$ 2,896,733	\$ 858	\$ 2,897,591
Salaries		1,124,124	779,457	319,677	2,223,258	183,624	2,406,882
Contractual Services	305,901	91,832	73,170	803,027	1,273,930	5,411	1,279,341
Incentives		6,200	787,191	30,272	823,663		823,663
Fringe Benefits		295,875	208,878	80,461	585,214	52,801	638,015
Participant Training		359,307	41,478	25,663	426,448		426,448
Operating Leases and Utilities		87,463			87,463	114,000	201,463
Meetings Hosted	5,120	1,683	19,181	122,897	148,881	1,781	150,662
Agricultural Products			142,284		142,284		142,284
Travel		49,923	14,262	43,344	107,529	8,063	115,592
Outreach (Program)	1,500	4,549	67,000	38,497	111,546	3,503	115,049
Membership and Dues		7,638	52,944	21,709	82,291	3,330	85,621
Software		7,924	31,955	25,735	65,614	12,068	77,682
Depreciation						73,534	73,534
Supplies		5,383	10,947	20,584	36,914	6,373	43,287
Telephone and Internet		21,554	1,134	3,469	26,157	14,278	40,435
Staff Training		22,000	1,531	14,719	38,250	1,700	39,950
Audit and Accounting		3,325			3,325	31,966	35,291
Printing		916	27,153	512	28,581	801	29,382
Miscellaneous		781	12,552	1,581	14,914	14,140	29,054
Internet		13,744	7,020		20,764	8,174	28,938
Service Charge			514	840	1,354	23,763	25,117
Cleaning Services		12,075			12,075	10,402	22,477
Meetings and Seminars Attended		8,192	6,276	3,830	18,298	1,343	19,641
Insurance		2,485	2,571		5,056	12,220	17,276
Equipment Maintenance and Leases		2,514		123	2,637	7,917	10,554
Equipment		893	6,660		7,553	466	8,019
Postage		397	2,572	612	3,581	980	4,561
Copier		2,759			2,759	1,029	3,788
Total	\$ 2,467,569	\$ 2,271,276	\$ 2,818,235	\$ 1,639,992	\$ 9,197,072	\$ 594,525	\$ 9,791,597

The Accompanying Notes to Financial Statements
Are an Integral Part of These Financial Statements.

EXHIBIT D

TRI-COUNTY COUNCIL FOR SOUTHERN MARYLAND
Statement of Cash Flows
For the Year Ended June 30, 2025

Cash Flows From Operating Activities	
Change in Net Assets	\$ 151,642
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	73,534
(Increase) Decrease in Operating Assets:	
Grants and Other Receivables	694,222
Prepaid Expenses	63,854
Amortization of Right-of-Use Asset	174,154
Security Deposit	2,500
Increase (Decrease) in Operating Liabilities:	
Accounts Payable and Accrued Expenses	(303,190)
Accrued Payroll	(18,127)
Accrued Compensated Absences	(5,620)
Repayment of Principal Portion of the Lease Liability	(180,073)
Deferred Revenue	<u>(2,439,191)</u>
Net Cash Used in Operations	<u>(1,786,295)</u>
Cash Flows From Investing Activities	
Purchase of Property and Equipment	<u>(13,859)</u>
Decrease in Cash and Cash Equivalents	<u>(1,800,154)</u>
Cash and Cash Equivalents at Beginning of Year	8,001,732
Cash and Cash Equivalents at End of Year	<u><u>\$ 6,201,578</u></u>

The Accompanying Notes to Financial Statements
Are an Integral Part of These Financial Statements.

TRI-COUNTY COUNCIL FOR SOUTHERN MARYLAND
Notes to Financial Statements
June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Tri-County Council for Southern Maryland (“the Organization”) was formed on December 6, 1964, as a cooperative planning and development agency to foster the social and economic development of the Southern Maryland Region. In 1965, the Governor of Maryland recognized the Organization as the regional planning and development organization for the region comprising of Calvert, Charles and St. Mary’s counties. The Organization’s statute was established by the Act of the Maryland General Assembly in 1966. The Organization’s enabling law was reenacted as State General Legislation in 1976 (Article 20, Maryland, Annotated Code).

The purpose of the Organization is to serve as a forum for the resolution of region-wide issues and the attainment of regional goals.

Basis of Accounting

The financial statements of Tri-County Council for Southern Maryland have been prepared in accordance with U.S. generally accepted accounting principles on the accrual basis of accounting. Under this method, revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). (ASC) 958-205 was effective January 1, 2018. Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

See Note 9 for a description of net assets with donor restrictions held at June 30, 2025.

Contributions

Contributions are recognized as revenues in the period unconditional promises to give are received. Conditional promises to give are not recognized until they become unconditional, that is when the condition on which they depend are substantially met. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as pledges or contributions with donor restrictions, which increases the net assets with donor restrictions. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restriction expires in the reporting period in which the revenue is recognized. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Use of 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.

Cash and Cash Equivalents

The Tri-County Council for Southern Maryland considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Grants Receivable

All grants receivable are from government contracts or grants. The Organization considers all receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Property and Equipment

Property and equipment with a cost in excess of \$1,000 and a projected useful life exceeding one year are capitalized and recorded at cost if purchased, or at fair value if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to seven years. Repairs and maintenance costs are expensed as incurred.

Income Tax Status

The Tri-County Council for Southern Maryland is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purposes is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under

Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization may recognize the tax benefit from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax position include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business income tax (UBIT). The Organization has analyzed its tax positions taken for filings with the Internal Revenue Service. The organization believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's net assets, changes in net assets or cash flows. Accordingly, the Organization has not recorded any tax assets or liabilities, or related accruals for interest and penalties, for uncertain income tax positions at June 30, 2025.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization's federal information returns are generally subject to examination by the Internal Revenue Service for three years after the date they are filed.

Revenue Recognition

The Organization recognizes revenue based on the existence or absence of an exchange transaction. The Organization recognizes revenue from exchange transactions, primarily events, when the earnings process is complete and the services have been performed or goods have been delivered.

Revenue from non-exchange transactions consist of the following:

- Contributions of cash and promises to give – Gifts received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue and net assets without donor restriction. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.
- Federal and state grants – Most federal and state grants are conditional upon the incurrence of allowable qualifying expenses. Revenue is recorded as allowable qualifying expenses are incurred. Such revenue is subject to review by the funding agency and may result in disallowance in subsequent periods. The Organization considers the restrictions on these grants as being met in the same period as the conditions, and the revenue is recognized as increases in net assets without donor restrictions.

Conditional grants and contributions of \$2,288,435 are included in deferred revenue at June 30, 2025. State and local appropriations are recognized in the fiscal year when received. Reimbursements, interest, and miscellaneous income are recorded when earned.

Fair Value of Financial Instruments

The carrying value of cash, receivable and accounts payable approximates fair value due to the short maturity of these instruments. None of the financial instruments are held for trading purposes.

Functional Expense Allocation

The cost of the Organization's programs and administration have been summarized on a functional basis in the accompanying statement of activities and the statement of functional expenses. Certain categories of expenses are attributable to multiple programs and supporting services. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The Organization utilizes multiple cost pools to allocate costs, primarily based on direct salaries charged to each program. Payroll expenses and fringe benefits are allocated on the basis of estimates on time and effort.

Leases

The Organization recognizes and measures its leases in accordance with FASB ASC 842, Leases. The Organization is a lessee in noncancellable operating leases for office space. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Organization recognizes a lease liability and a right-of-use (ROU) asset at the commencement date of the lease.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable, otherwise the Organization uses its incremental borrowing rate or risk-free rate. The Organization's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise. The Organization recognizes lease cost associated with short-term leases on a straight-line basis over the lease term.

The Organization evaluates the contracts it enters into to determine whether such contracts contain leases. A contract contains a lease if the contract conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. At commencement, contracts containing a lease are further evaluated for classification as an operating, sales-type or direct financing lease where the Organization is a lessor, based on their terms. The Organization has elected for all underlying classes of assets not to separate non-lease components from lease components as the timing and pattern of transfer are the same, and lease is classified as an operating lease in accordance with the Lease Standard, Topic 842.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

The liquidity disclosure required by GAAP is intended to help both users and preparers of financial statements understand how restrictions or limits imposed by donors, grantors, laws, contracts, and governing boards affect the Organization’s liquidity.

The Organization’s financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Financial assets at year-end	\$ 7,251,113
Less those unavailable for general expenditures within one year, due to:	
Donor-Restricted Funds	(2,569,136)
Financial assets available to meet cash needs for general expenditures within one year	\$ 4,681,977

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures become due. The Organization invests cash in excess of daily requirements in a money market fund.

3. CONCENTRATIONS OF RISK AND CONTINGENCIES

Credit Risk

Tri-County Council for Southern Maryland maintains cash and cash equivalent balances at financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The amount in excess of the federally insured amount on June 30, 2025, was approximately \$41,200. The Organization has not experienced any credit losses on its cash and cash equivalents to date as it relates to FDIC insurance limits. Management periodically assesses the financial condition of the financial institutions and believes that the risk of any credit loss is minimal.

In addition, the Tri-County for Southern Maryland invests in the Maryland Local Government Investment Pool (MLGIP), a money market fund. These funds are part of collateralized investment pools. The MLGIP is duly chartered, administered and subject to regulatory oversight by the State of Maryland. The MLGIP, under the administrative control of the Maryland State Treasurer is

managed by Baltimore-based, PNC bank (in such capacity “Contractor”). An MLGIP Advisory Committee of current participants was formed to review the activities of the Contractor semi-annually and to provide suggestions to enhance the Pool. Current participants included municipal cities and towns, counties, Board of Education, community colleges, public libraries, Registers of Wills, and volunteer fire companies, and various state and county agencies. The MLGIP operates as a SEC Rule 2(a)-7-like pool, and thus, reports all investments at amortized cost (carrying value). The MLGIP maintains an AAA rating from Standard & Poor’s. As of June 30, 2025, the fair value of the Organization’s position in the Pool is equal to its number of pool shares. The investments in the MLGIP are not federally insured. Uninsured amounts in this fund as of June 30, 2025, were approximately \$5,940,300. Management believes the risk of these situations to be minimal. The Organization limits its interest rate risk by primarily investing in securities with maturity dates under one year.

Revenue Risk and Grants Receivable

Substantial portions of the Organization’s revenues are generated from federal and state grants, with amounts totaling \$8,265,914 for the year ended June 30, 2025. Federal and state grant revenue approximated 86% of the Organization’s total revenue and support for the year ended June 30, 2025. A potential reduction in funding from the grants in the future could significantly impact the Organization’s ability to carry out its current program activities. However, management of the Organization does not consider this a significant risk in the near term.

Grants receivable from the Maryland Department of Agriculture account for 39% or \$406,267 of the grants receivable as of June 30, 2025. This amount includes receivables for three separate programs.

4. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2025, consists of the following:

	Estimated Useful Lives (in years)		
Office Furniture and Equipment	3 - 7	\$	747,935
Vehicles	5		300,023
Total Property and Equipment			<u>1,047,958</u>
Less: Accumulated Depreciation			<u>(770,783)</u>
Property and Equipment, Net		\$	<u><u>277,175</u></u>

Major additions and betterments to property and equipment are capitalized by increasing the related asset accounts. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from accounts, and any gain or loss is included in revenues. Depreciation expense for the year ended June 30, 2025 totaled \$73,534.

Office Furniture and Equipment include assets for the Regional Agricultural Center (RAC). Total assets for the RAC totaled \$75,337 at June 30, 2025. These assets had not yet been placed in service as of year-end. In February 2025, the contract for the RAC was cancelled. The organization continues to hold the assets and, as of the date the financial statements were issued, has not determined their future use. Management is evaluating alternatives for these assets. No impairment loss has been recognized at this time.

5. COMPENSATED ABSENCES

A liability is recorded for the estimated amounts of compensation for future absences in accordance with FASB ASC 710-10-25-1. Accrued annual leave up to 350 hours is payable upon termination of employment. Compensated absences due to employees at June 30, 2025 totaled \$185,681.

6. DESCRIPTION OF PROGRAM SERVICES

The following programs are included in the accompanying financial statements:

- Rural Maryland Economic Development Fund (RMEDF) – Stimulation of economic activity, foster private sector investment, and grow regional job opportunities.
- Southern Maryland Agriculture Development Commission (SMADC) – Preservation of agriculture as a viable industry.
- Workforce Development Board – Preparation and employment systems designed to meet both the needs of businesses and job seekers.
- Other Programs:
 - Economic Development – Diversify and broaden the economic base of Southern Maryland.
 - Transportation – Regional transportation planning and development and commuter assistance.

7. OPERATING LEASES

On May 12, 2022, the Organization entered into a lease agreement for two office suites in Hughesville, Maryland, under a two-year commercial lease agreement which expired June 30, 2024, with monthly payments of \$8,500. The lease renewal option through June 2026 was exercised, with monthly payments of \$9,000.

The Organization entered into a lease agreement for the California, Maryland, office under a 3-year commercial lease agreement, which expires August 30, 2025. The Organization concludes that it is not reasonably certain that a renewal option will be exercised, and thus that renewal period is not included in the lease term. See note 11.

The implicit rates for office space are not readily determinable and accordingly, the Organization uses the risk-free rate based on the information available at the commencement of the office lease. During the year ended June 30, 2025, the Organization recognized rent expense associated with leases, and had the following cash and non-cash activities associated with leases as follows:

Lease Cost

Operating lease cost	\$ 180,925
Short-term lease cost	1,902
	<hr/>

Total Lease Cost	\$ 182,827
	<hr/> <hr/>

Other Information

Variable Operating Lease Cost	196,495
Reductions to ROU assets resulting from reductions to operating lease obligations	174,154
Weighted average remaining lease term - operating leases (in years)	0.71
Weighted average discount rate - operating leases	2.97%

As of June 30, 2025, right-of-use assets and lease liabilities related to operating leases were as follows:

Assets

Operating lease right-of-use assets included in Right-of-Use Assets	115,934
---	---------

Liabilities

Operating lease liabilities included in current liabilities	119,420
---	---------

Future minimum lease payments due under the above leases are as follows for the year ending June 30:

<u>Year</u>	<u>Amount</u>
2026	<u>\$ 121,141</u>
Total Undiscounted Lease Payments	<u>\$ 121,141</u>
Less Imputed Interest	<u>(1,721)</u>
Total Lease Liability	\$ 119,420
Less Short-Term Portion of Lease Liability	<u>(119,420)</u>
Long-Term Portion of Lease Liability	<u>\$ -</u>

8. PROFIT SHARING PLAN

Tri-County Council for Southern Maryland offers a deferred profit-sharing plan under Section 401(k) of the Internal Revenue Code. The plan allows eligible employees to contribute a portion of their salary to individual accounts. The Organization will make a matching contribution equal to 100% of the first 6% of employee salary plus discretionary contributions not to exceed the limits of the Internal Revenue Code.

An employee salary reduction is required in order to share in the Organization's matching contribution for such year but is not required in order to share in the Organization's discretionary contribution, if any. Eligible employees are those who have worked for the Tri-County Council for Southern Maryland for at least six months. Profit sharing plan expense for the year ended June 30, 2025, was \$104,498, and is included in fringe benefits in the accompanying statements of functional expenses.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of amounts to be spent on the following programs as of June 30, 2025:

Southern Maryland Agriculture Development Commission (SMADC)	\$ 2,534,703
Southern Maryland Heritage Consortium	6,156
Joint Land Use Study	12,282
Maryland Market Money	15,995
Total Net Assets with Donor Restrictions	<u>\$ 2,569,136</u>

10. ADVERTISING

The Organization expenses the costs of advertising the first time the advertising takes place. For the year ended June 30, 2025, advertising expense was \$65,606 and is included in Outreach (Program) on the statement of functional expenses.

11. SUBSEQUENT EVENTS

In December 2025, the Organization entered into a new 3-year operating lease agreement for its office space in California, Maryland, effective upon the expiration of its previous lease on August 30, 2025. The new lease was not executed as of June 30, 2025, and therefore is not reflected in the accompanying financial statements as of that date. Management evaluated this event and determined it represents a nonrecognized subsequent event, as the agreement was not in place as of the fiscal year-end. The new lease will be accounted for in the period in which it becomes effective. See also note 7.

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 18, 2025, the date the financial statements were available to be issued.

Supplemental Information

TRI-COUNTY COUNCIL FOR SOUTHERN MARYLAND
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Labor				
Pass-through programs from Maryland Department of Labor:				
Workforce Innovation and Opportunity Cluster				
Workforce Innovation and Opportunity Act Adult Program	17.258	P46-SM-FY24-A		121,735
Workforce Innovation and Opportunity Act Adult Program	17.258	P56-SM-PY24-A		82,360
Workforce Innovation and Opportunity Act Adult Program	17.258	P56-SM-FY25-A		149,757
Total Workforce Innovation and Opportunity Act Adult Program				
				353,852
Workforce Innovation and Opportunity Act Youth Activities	17.259	P46-SM-PY23-Y		31,600
Workforce Innovation and Opportunity Act Youth Activities	17.259	P56-SM-PY24-Y		188,836
Total Workforce Innovation and Opportunity Act Youth Activities				
				220,436
Workforce Innovation and Opportunity Act Dislocated Worker Formula Grants	17.278	P46-SM-FY24-D		211,238
Workforce Innovation and Opportunity Act Dislocated Worker Formula Grants	17.278	P56-SM-PY24-D		97,234
Workforce Innovation and Opportunity Act Dislocated Worker Formula Grants	17.278	P56-SM-FY25-D		49,838
Total Workforce Innovation and Opportunity Act Dislocated Worker Formula Grants				
				358,310
Total Division of Workforce Development - DLLR, WIOA Cluster				
				932,598
Total Department of Labor				
				932,598

See Accompanying Notes to Schedule of Expenditures of Federal Awards

TRI-COUNTY COUNCIL FOR SOUTHERN MARYLAND
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of the Treasury				
Pass-through programs from Maryland Department of Labor:				
COVID-19 - American Rescue Plan Grant	21.027	SM-ARPA II-PY22		638,183
Pass-through the Mayor and City Council of Baltimore EIN: 92-1282103				
Pass-through Subgrantee Farms and Food Access for a Resilient Maryland Foundation, Inc.				
COVID-19 - American Rescue Plan - State and Local Fiscal Recovery Funds	21.027	SLFRP1967		255,368
Pass-through the Board of Charles County Commissioners, Maryland				
COVID-19 - American Rescue Plan Grant	21.027	MUWLLJKFDJP8		219,165
Total Department of the Treasury				
				1,112,716
Department of Transportation				
Pass-through programs from Maryland Transit Administration (MTA)				
Federal Transit Formula Grants	20.507	TS29CMAQ2025		108,587
Total Department of Transportation				
				108,587
Department of Defense				
Community Economic Adjustment Assistance for Responding to Threats to the Resilience of a Military Installation	12.003	MUWLLJKFDJP8		240,644
Total Department of Defense				
			-	240,644

See Accompanying Notes to Schedule of Expenditures of Federal Awards

TRI-COUNTY COUNCIL FOR SOUTHERN MARYLAND
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Agriculture				
Pass-through programs from FRESHFARM Markets, Inc.				
Gus Schumacher Nutrition Incentive Grant Program (GusNIP)	10.331	2021-70030-35772		25,000
Farmer's Market Local Food Promotion Program (FMPP)				
Pass-through Subrecipient Lifestyles of Maryland Foundation, Inc. EIN: 52-2183558	10.175	21FMPPMD1074-00	9,999	198,451
Pass-through programs from University of Maryland				
Beginner Farmer & Rancher Development Program	10.311	104048-Z5288205		18,956
Total Department of Agriculture			9,999	242,407
United States Department of the Interior				
National Park Service, Heritage Partnership FY25	15.939	P25AC01952-00		48,929
Total United States Department of the Interior				48,929
Total Expenditures of Federal Awards			9,999	2,685,881

See Accompanying Notes to Schedule of Expenditures of Federal Awards

TRI-COUNTY COUNCIL FOR SOUTHERN MARYLAND
Notes to Schedule of Expenditures of Federal Awards
June 30, 2025

1. *BASIS OF PRESENTATION*

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Tri-County Council for Southern Maryland (the Organization), under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Tri-County Council for Southern Maryland, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

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

3. *INDIRECT COST RATE*

Tri-County Council for Southern Maryland has elected not to use the de minimis indirect cost rate as allowed under the Uniform Guidance. The de minimis indirect rate is 10% for awards prior to October 1, 2024, and 15% for awards after that date. The Organization has used a predetermined indirect cost rate, as negotiated in the federal award agreements, for the year ended June 30, 2025.



Askey, Askey & Associates, CPA, LLC

23507 Hollywood Road, Suite 1, Leonardtown, MD 20650
(301) 475-5671 Fax (301) 475-9108

102 Centennial Street, Suite 101, La Plata, MD 20646
(301) 934-5780 Fax (301) 934-9162

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Tri-County Council for Southern Maryland

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 Tri-County Council for Southern Maryland (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 18, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tri-County Council for Southern Maryland'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tri-County Council for Southern Maryland's internal control. Accordingly, we do not express an opinion on the effectiveness of Tri-County Council for Southern Maryland's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tri-County Council for Southern Maryland'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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Askey, Askey & Associates, CPA, LLC
Leonardtown, Maryland
December 18, 2025



Askey, Askey & Associates, CPA, LLC

23507 Hollywood Road, Suite 1, Leonardtown, MD 20650
(301) 475-5671 Fax (301) 475-9108

102 Centennial Street, Suite 101, La Plata, MD 20646
(301) 934-5780 Fax (301) 934-9162

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

To the Board of Directors of
Tri-County Council for Southern Maryland

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Tri-County Council for Southern Maryland's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Tri-County Council for Southern Maryland's major federal programs for the year ended June 30, 2025. Tri-County Council for Southern Maryland's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Tri-County Council for Southern Maryland 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, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Tri-County Council for Southern Maryland and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Tri-County Council for Southern Maryland's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Tri-County Council for Southern Maryland's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Tri-County Council for Southern Maryland's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Tri-County Council for Southern Maryland's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Tri-County Council for Southern Maryland's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Tri-County Council for Southern Maryland's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Tri-County Council for Southern Maryland's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Askey, Askey & Associates, CPA, LLC
Leonardtown, Maryland
December 18, 2025

TRI-COUNTY COUNCIL FOR SOUTHERN MARYLAND
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? No

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

WIOA Cluster

CFDA # 17.258, 17.259, 17.278

Community Economic Adjustment Assistance for Responding to Threats to the Resilience of Military Installation

CFDA # 12.003

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes



Askey, Askey & Associates, CPA, LLC

23507 Hollywood Road, Suite 1, Leonardtown, MD 20650
(301) 475-5671 Fax (301) 475-9108

102 Centennial Street, Suite 101, La Plata, MD 20646
(301) 934-5780 Fax (301) 934-9162

Communication with Those Charged with Governance

December 18, 2025

To the Board of Directors and Management of
Tri-County Council for Southern Maryland
PO Box 745
Hughesville, MD 20637

We have audited the financial statements of Tri-County Council for Southern Maryland for the year ended June 30, 2025, and we will issue our report thereon dated December 18, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 14, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Tri-County Council for Southern Maryland are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2025. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of the functional allocation of expenses is based on employee timesheets for payroll and fringe allocations. We evaluated the methods, assumptions, and data used to develop the allocations in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 18, 2025.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

This information is intended solely for the use of Board of Directors and Management of Tri-County Council for Southern Maryland and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Askey, Askey & Associates, CPA, LLC

SCHEDULE OF UNADJUSTED AUDIT DIFFERENCES

Entity: TRI-COUNTY COUNCIL FOR SOUTHERN MARYLAND

Statement of Financial Position Date:

06/30/2025

Description (Nature) of Audit Difference (AD)	Factual (F), Judgmental (J), or Projected (P)	Cause	W/P Reference	Financial Statement Effect—Amount of Over (Under) Statement of:							
				Total Assets	Total Liabilities	Net Assets	Revenues	Expenses	Change in Net Assets	Working Capital	
Overstatement of fixed assets and understatement of expenses	F	TWO assets that were not in service and stored to be used for the RAC were donated to other organizations, but not removed from the books.	G-01.1	-\$8,842					\$8,842	-\$8,842	
Overstatement of rent expense and understatement of prepaid expenses.	F	July 2025 rent payments are included in expense for FY25, should be in prepaid expenses	GG-02	-\$15,570					\$15,570	-\$15,570	
Total				-\$24,412	\$0	\$0	\$0	\$0	\$24,412	-\$24,412	\$0
Less Audit Adjustments Subsequently Booked											
Unadjusted AD—Current Year (Iron Curtain Method)				-\$24,412	\$0	\$0	\$0	\$0	\$24,412	-\$24,412	\$0
Effect of Unadjusted AD—Prior Years											
Combined Current and Prior Year AD (Rollover Method)				-\$24,412	\$0	\$0	\$0	\$0	\$24,412	-\$24,412	\$0
Financial Statement Caption Totals				\$7,739,460	\$2,987,024	\$4,752,436	\$9,943,239	\$9,791,597	\$9,791,597	\$151,642	
Current Year AD as % of FS Captions (Iron Curtain Method)				-0.32%	0.00%	0.00%	0.00%	0.00%	0.25%	-16.10%	0.00%
Current and Prior Year AD as % of FS Captions (Rollover Method)				-0.32%	0.00%	0.00%	0.00%	0.00%	0.25%	-16.10%	0.00%