

NORTHERN TIER COMMUNITY

ACTION CORPORATION

Emporium, Pennsylvania

DUNS: 088417589

FINANCIAL STATEMENTS

June 30, 2014

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INDEPENDENT AUDITOR'S REPORT

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Northern Tier Community

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Emporium, PA 15834

Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of Northern Tier Community Action Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

MEMBER:

American Institute of Certified Public Accountants

Pennsylvania Institute of Certified Public Accountants

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northern Tier Community Action Corporation as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The financial information listed as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Organization. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 30, 2015, on our consideration of Northern Tier Community Action Corporation'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 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 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 Northern Tier Community Action Corporation's internal control over financial reporting and compliance.

Mauthe, Yutzey, Gabler & Troxell LLC
Mauthe, Yutzey, Gabler & Troxell, LLC
Certified Public Accountants
March 30, 2015

NORTHERN TIER COMMUNITY ACTION CORPORATION

STATEMENT OF FINANCIAL POSITION

June 30, 2014

ASSETS

Current Assets:	
Cash in bank	\$ 656,190.73
Prepaid expenses	13,103.49
Accounts receivable	734.96
Grants receivable	296,898.06
Inventory - materials	73,419.63
	<hr/>
Total Current Assets	1,040,346.87
Property and Equipment, at cost, net of accumulated depreciation	249,612.63
	<hr/>
Total Assets	<u>\$ 1,289,959.50</u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable	\$ 153,351.88
Accrued salaries and fringes payable	79,982.19
Deferred revenue	115,912.37
Interest due grantors	8.49
Notes payable - current portion	5,466.97
	<hr/>
Total Current Liabilities	354,721.90
Long-Term Liabilities:	
Notes payable - net of current portion	8,491.87
	<hr/>
Total Liabilities	363,213.77
Net Assets:	
Unrestricted	926,745.73
	<hr/>
Total Liabilities and Net Assets	<u>\$ 1,289,959.50</u>

The accompanying notes are an integral part of the financial statements

NORTHERN TIER COMMUNITY ACTION CORPORATION

STATEMENT OF ACTIVITIES

For The Year Ended June 30, 2014

Support and Revenue:	
Support:	
Grants	\$ 4,094,855.00
In-Kind contributions	517,313.55
Commodities	<u>12,759.37</u>
Total Support	<u>4,624,927.92</u>
Revenue:	
Program service fees	60,753.01
Rental income	60,225.00
Interest income	810.91
Program income	<u>234,411.44</u>
Total Revenue	<u>356,200.36</u>
Total Support and Revenue	<u>4,981,128.28</u>
Expenses:	
Program Services:	
Weatherization	603,488.14
Child Care Information Services (CCIS)	943,123.93
Head Start	2,353,534.20
Community Services Block Grant (CSBG)	301,109.57
The Emergency Food Assistance Program (TEFAP)/ Child and Adult Care Food Program (CACFP)	216,545.83
Other Programs	<u>493,191.78</u>
Total Program Services	4,910,993.45
Support Services:	
Agency Activities	<u>142,015.60</u>
Total Expenses	<u>5,053,009.05</u>
Change in Net Assets	(71,880.77)
Net Assets, beginning of year	<u>998,626.50</u>
Net Assets, end of year	<u><u>\$ 926,745.73</u></u>

The accompanying notes are an integral part of the financial statements

NORTHERN TIER COMMUNITY ACTION CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2014

PROGRAM SERVICES

	Weatheriza- tion	CCIS	Head Start	CSBG	TEFAP/ CACFP	Other Programs	Agency Activities	Total
Salaries and wages	\$ 163,446.87	\$ 135,351.75	\$ 823,988.87	\$ 183,100.46	\$ 17,254.42	\$ 184,584.33	\$ 87,314.08	\$ 1,595,040.78
Health and welfare	56,423.95	44,019.24	262,210.07	47,573.55	10,485.25	63,723.54	2,989.24	487,424.84
Pension expense	4,094.01	5,127.76	22,347.03	8,261.88	249.69	5,873.35	3,466.89	49,420.61
Payroll taxes	31,240.40	18,809.13	127,026.75	23,280.62	2,384.72	27,492.21	12,223.61	242,457.44
Total Salaries and Related Expenses	255,205.23	203,307.88	1,235,572.72	262,216.51	30,374.08	281,673.43	105,993.82	2,374,343.67
Commodities distributed	0.00	0.00	0.00	0.00	12,756.08	0.00	0.00	12,756.08
Consultant/professional fees	3,862.00	8,509.00	14,875.00	5,300.00	0.00	10,009.00	1,978.00	44,533.00
Subcontract	76,414.63	0.00	0.00	0.00	0.00	24,528.20	0.00	100,942.83
Supplies	16,911.33	5,695.96	170,526.59	295.18	14.74	19,763.22	3,951.85	217,158.87
Equipment and vehicles	17,064.60	9,056.73	33,748.89	1,206.22	284.60	357.11	2,450.00	64,168.15
In-Kind	0.00	0.00	517,313.55	0.00	0.00	0.00	0.00	517,313.55
Occupancy	11,852.47	12,000.00	171,825.00	9,480.00	2,040.00	20,297.55	1,236.00	228,731.02
Insurance	18,201.89	2,893.00	12,541.05	2,627.60	1,386.48	5,984.13	1,381.86	45,016.01
Training/technical assistance	1,695.00	10.00	44,483.17	1,020.00	0.00	1,397.82	132.84	48,738.83
Maintenance/vehicle operation	11,526.43	0.00	1,685.07	1,866.80	2,506.07	0.00	4,104.40	21,688.77
Travel	1,695.06	2,939.03	17,140.85	2,419.46	0.00	3,680.54	97.92	27,972.86
Postage	2,528.61	1,695.44	2,980.50	92.65	0.00	1,835.99	166.06	9,299.25
Telephone	2,810.80	3,929.72	30,919.69	3,643.59	514.35	2,713.09	374.14	44,905.38
Payroll processing	586.58	593.94	3,846.90	635.29	50.28	499.85	178.02	6,390.86
Contracted transportation	0.00	0.00	30,229.00	0.00	0.00	0.00	0.00	30,229.00
Direct aid to individuals	0.00	0.00	0.00	0.00	0.00	39,101.17	1,904.00	41,005.17
Materials installed	156,579.97	0.00	0.00	0.00	0.00	58,193.71	0.00	214,773.68
Advertising/printing/publications	5,167.59	5,547.46	10,130.13	1,054.86	346.12	3,100.36	(4,946.67)	20,399.85
Memberships and dues	0.00	0.00	0.00	1,861.00	0.00	0.00	1,692.50	3,553.50
Parent activities	0.00	0.00	12,785.67	0.00	0.00	788.20	0.00	13,573.87
Other operating expenses	2,234.59	0.00	3,895.70	1,904.15	0.00	5,907.37	25,653.51	39,595.32
Depreciation	16,490.54	0.00	10,986.65	2,950.99	0.00	1,053.14	5,331.32	36,812.64
Interest expense	0.00	0.00	0.00	0.00	0.00	0.00	1,340.64	1,340.64
Food and related expenses	0.00	0.00	4,721.48	0.00	152,904.03	9,757.06	1,906.58	169,289.15
Non-food items	0.00	0.00	4,941.89	0.00	12,606.18	84.12	0.00	17,632.19
Computer services	2,660.82	3,475.92	18,384.70	2,535.27	762.82	2,466.72	(12,911.19)	17,375.06
Provider payments	0.00	683,469.85	0.00	0.00	0.00	0.00	0.00	683,469.85
Total Expenses	\$ 603,488.14	\$ 943,123.93	\$ 2,353,534.20	\$ 301,109.57	\$ 216,545.83	\$ 493,191.78	\$ 142,015.60	\$ 5,053,009.05

The accompanying notes are an integral part of the financial statements

NORTHERN TIER COMMUNITY ACTION CORPORATION

STATEMENT OF CASH FLOWS

For The Year Ended June 30, 2014

Cash Flows from Operating Activities:	
Increase (Decrease) in net assets	\$ (71,880.77)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities	
Depreciation	36,812.64
(Increase) Decrease in Operating Assets	
Prepaid expenses	(11,778.61)
Accounts receivable	374.26
Grants receivable	(52,219.02)
Inventory	6,933.25
Increase (Decrease) in Operating Liabilities	
Accounts payable	10,031.64
Accrued salaries and fringes payable	57,101.52
Deferred revenue	12,708.36
Interest due grantors	1.55
Net Cash Provided (Used) by Operating Activities	<u>(11,915.18)</u>
Cash Flows from Financing Activities:	
Repayment of long-term debt	<u>(5,055.14)</u>
Net Cash Provided (Used) by Financing Activities	<u>(5,055.14)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(16,970.32)
Cash and Cash Equivalents - June 30, 2013	<u>673,161.05</u>
Cash and Cash Equivalents - June 30, 2014	<u>\$ 656,190.73</u>
Supplemental Disclosure:	
Cash paid during the year for interest	<u>\$ 1,340.64</u>

The accompanying notes are an integral part of the financial statements

NORTHERN TIER COMMUNITY ACTION CORPORATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1 - Summary of Significant Accounting Policies

The summary of significant accounting policies of Northern Tier Community Action Corporation (Corporation) is presented to assist in understanding the Corporation's financial statements. The financial statements and notes are representations of the Corporation's management, who is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the Corporation's financial statements.

Programs and Activities

Northern Tier Community Action Corporation, a nonprofit organization, was organized in 1966, as the official anti-poverty agency of Pennsylvania's Cameron, Elk, McKean and Potter counties. The Corporation adheres to the Economic Opportunity Act of 1964, and the Community Services Act of 1975, dealing extensively with the "Economic Disadvantaged" of the four-county area.

Financial Statement Presentation

The Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Corporation is required to present a statement of cash flows.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Corporation reports gifts as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Fair Value of Financial Instruments

The Company's financial instruments are cash and cash equivalents, accounts receivable, accounts payable, notes payable, and long-term debt. The recorded values of cash and cash equivalents, accounts receivable, and accounts payable approximate their fair values based on their short-term nature.

The recorded values of notes payable and long-term debt approximate their fair values, as interest approximates market rate.

Accounts Receivable

No allowance for uncollectible accounts is maintained. Accounts determined to be uncollectible are specifically charged off.

Inventory

Weatherization material inventories totaling \$73,419.63 at June 30, 2014, are stated at cost, determined by the first-in, first-out method. There were no commodity inventory items on hand at June 30, 2014.

Office and maintenance supply inventories are charged to operations at time of purchase.

Income Tax Basis

The Corporation is a nonprofit organization exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is reflected in the financial statements. The Corporation's information returns are subject to examination, generally for three years after the filing date.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents are considered to be all unrestricted highly liquid investments with maturities of three months or less at the time of acquisition.

Compensated Absences

Corporation employees are entitled to annual leave, paid sick days and personal days off. No liability has been recorded in the accompanying financial statements for accrued days off. The Corporation's policy is to recognize the cost of compensated absences when actually paid to employees.

Property and Equipment

Property and equipment are stated at cost, and consist of assets with estimated useful lives greater than one year, and costing \$5,000 or more.

The cost of property and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight-line method for financial reporting purposes. The estimated useful lives by major category are as follows:

	<u>Range of Lives</u>
Building and building improvements	40 years
Buses and vehicles	7 - 10 years
Program and office equipment	7 - 10 years

The cost of assets sold or otherwise disposed of and the accumulated depreciation thereon are eliminated from the accounts and the resulting gain or loss is reflected in income, except for assets traded. Expenditures for maintenance and repairs are charged to income as incurred replacements are capitalized.

Functional Expenses

Expenses are charged to each program based on direct expenditures incurred. Labor expenditures are allocated to each program based on budgeted amounts.

Use of Estimates

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

Subsequent Events

Management has evaluated subsequent events through March 30, 2015, the date the financial statements were available.

Total Columns

Total columns are presented to facilitate financial analysis. Data in these columns do not present financial position, results of operations and changes in net assets in conformity with generally accepted accounting principles; nor is such data comparable to a consolidation.

Note 2 - Deposits

The following is a summary of cash deposits which are insured by the Federal Deposit Insurance Corporation, collateralized with securities held by the financial institution's trust department in the Corporation's name, or were neither insured nor collateralized, or were collateralized in accordance with Act 72 which permits the financial institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name.

The Corporation's funds were deposited in checking and interest bearing accounts with Northwest Savings Bank, Emporium, PA. Separate accounts are maintained if contract provisions require that certain funds be segregated by funding source. Deposits are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

Balances by depository at June 30, 2014, follow:

<u>Name of Depository/ Account Title</u>	<u>Balance per Depository</u>
<u>Northwest Savings Bank</u>	
Child Care Information Services	\$ 67,141.70
Weatherization DOE	134.35
Weatherization LIHEAP	9,627.38
Community Services Block Grant	41,330.99
Head Start	5,640.10
Homeless Assistance	401.29
Head Start Policy Council	663.72
Child and Adult Care Food Program	5,878.26
Energy Assistance	25,417.27
Holding Account II	22,143.40
Consolidated Account	6,452.29
Master Account	126,835.95
Housing Component	34,822.01

Payroll Account	1,306.78
Food Program	6,059.30
Pre-K Counts	11,007.20
Money Market Housing	42,452.18
HSSAP	7,452.54
Title II Commodities	31,129.35
EA/TEFAP Money Market	151,591.74
Phare	<u>20,487.62</u>

Total \$ 617,975.42

Amounts deposited at Northwest Savings Bank as of June 30, 2014, in excess of FDIC coverage are collateralized by the bank under The Pooled Asset Act of August 6, 1971, P.L. 281, No. 72 as amended (Act #72). As of June 30, 2014, Northwest Savings Bank had \$272,100,817 (market value) in securities pledged to cover public funds deposits totaling \$268,549,494.

Note 3 - Grants Receivable

The Corporation, under agreements with various regulatory agencies at federal, state and local levels of government, is receiving various grants to aid in the operations of programs for the economically disadvantaged. Grants receivable at June 30, 2014, consist of:

<u>Program</u>	<u>Amount</u>
Federal Amounts	
Child Care Information Services	\$ 10,885.40
Community Services Block Grant	95,067.83
Head Start	8,086.06
Weatherization – DOE	29.00
Weatherization – LIHEAP	85,235.45
County of Cameron – Purchase of service contract	7,743.75
TEFAP Program	<u>53.65</u>
Total Federal Amounts	207,101.14
Non-Federal Amounts	<u>89,796.92</u>
Total	<u>\$ 296,898.06</u>

Note 4 - Property and Equipment

Property and equipment are summarized by major classifications as follows:

Land and buildings	\$ 217,159.36
Buses and vehicles	199,135.31
Program and office equipment	<u>165,575.90</u>
Total	581,870.57
Less: Accumulated depreciation	<u>(332,257.94)</u>
Property Net of Accumulated Depreciation	<u>\$ 249,612.63</u>

Depreciation expense for the year ended June 30, 2014, totaled \$36,812.64.

Note 5 - Deferred Revenue

Grant funds received by the Corporation in excess of allowable contract costs are recorded by the Corporation as deferred revenue. Deferred revenue amounts are to be either repaid to grantors or to be applied to subsequent contracts or contract years.

Deferred revenue at June 30, 2014, consists of:

<u>Program</u>	<u>Amount</u>
Federal Amounts	\$ 0.00
Non-Federal Amounts	<u>115,912.37</u>
Total	<u>\$ 115,912.37</u>

Note 6 - Interest Due Grantors

Grant funds not immediately needed to meet expenditures were deposited into individual interest-bearing accounts. Interest earned on these funds through June 30, 2014, totals \$8.49. Analysis follows.

PA Department of Community and Economic Development	
Weatherization - LIHEAP	\$ 2.50
Weatherization - DOE	0.45
Head Start	<u>5.54</u>
Total	<u>\$ 8.49</u>

Note 7 - Debt

At June 30, 2014, the Corporation had an unsecured \$200,000 line of credit with no outstanding balance. The line of credit is for a twelve-month term, and bears interest at 3.25%. Interest is payable monthly, and principal is payable on demand.

Effective February 14, 2007, the Corporation entered into a commercial loan agreement with Northwest Savings Bank, St. Marys, PA. Loan proceeds were used to finance building improvements applicable to the Corporation's administrative offices. Following is a summary of the Corporation's long-term debt at June 30, 2014.

Commercial term loan payable to Northwest Savings Bank over a 120 month period, payable in equal monthly installments of \$530.77, including interest at 7.750% fixed, per annum on the unpaid principal balance, commencing March 2007, secured by property at 135 West 4 th Street, Emporium, PA.	<u>\$ 13,958.84</u>
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Following is a summary of changes in long-term debt for the year ended June 30, 2014:

	Northwest Savings Bank
Balance – July 1, 2013	\$ 19,013.98
Principal amounts paid	<u>(5,055.14)</u>
Balance – June 30, 2014	<u>\$ 13,958.84</u>

Following are maturities of long-term debt:

2015	\$ 5,466.97
2016	5,937.35
2017	<u>2,554.52</u>
	<u>\$ 13,958.84</u>

Note 8 - Donated Use of Space and Service - Head Start In-Kind Contributions

The Corporation has available for its use, Head Start centers, meeting rooms and office space located throughout the four-county area. Free use of the facilities is allowed by the landlords. The Corporation, however, has entered into utility agreements with the landlords to aid in the operation of the facilities.

The Corporation's policy for recording Head Start In-Kind contributions is as follows:

In-Kind Services are based on the actual number of hours of donated time received using a \$9.49 minimum wage rate and applicable fringe at 20%.

In-Kind Space Costs are based on square footage rental value costs for classroom space, excluding utilities. Values used are determined by independent real estate appraisers.

In-Kind Consultants and Supplies are based on the actual costs that would have been charged had the service or supplies been purchased.

Note 9 - Retirement Plan

The Corporation maintains a defined contribution pension plan, qualified under Internal Revenue Code 403 (b), that covers substantially all full-time salaried and hourly paid employees. Employee contributions are withheld from the employees' wages at each pay ending. Employer contributions to the plan are based on a matching amount, equal to a maximum of 5% of each participant's annual compensation. Matching costs paid by the Corporation for the fiscal year ending June 30, 2014, totaled \$49,420.61.

Note 10 - Operating Leases

The Corporation leased warehouse facilities and office facilities under various operating leases. Leases are renewed on an annual basis. Lease payments for the fiscal year ended June 30, 2014, totaled \$8,400.00.

As disclosed in Note 8, the Corporation has entered into utilities agreements with landlords to aid in the operation of various Head Start Centers. The agreements expire at various times throughout the Corporation's fiscal year and are renewed annually. Utility agreement payments for the year ended June 30, 2014, totaled \$158,225.00.

Note 11 - Residential Rental Properties

The Corporation is the lessor of residential rental properties under operating leases. The terms of the leases do not exceed one year. Following is a summary of property held for lease at June 30, 2014:

<u>Location of Property</u>	<u>Cost</u>
106 West 7 th Street Emporium, PA	\$ 32,149.15
121-123 West 6 th Street Emporium, PA	<u>68,711.24</u>
	100,860.39
Less: Accumulated depreciation	<u>(46,656.32)</u>
Property Net of Accumulated Depreciation	<u>\$ 54,204.07</u>

Note 12 - Administrative Offices

The Corporation owns real property (land and buildings) located at 135 West Fourth Street, Emporium, PA. The buildings are being utilized for administrative offices. All programs utilizing office space share in the cost of operating and maintaining the facility.

For the twelve-month period ending June 30, 2014, the Corporation collected \$45,000.00 from the programs utilizing the facilities. Operating expenses (excluding interest) incurred for this same period, plus a 2% use allowance, totaled \$63,064.64.

Note 13 - Contingencies

The Corporation participates in both state and federal assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Corporation is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

SUPPLEMENTAL INFORMATION

MAUTHE, YUTZEY, GABLER & TROXELL, LLC

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DuBois, PA 15801

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING

William L. Mauthe, CPA
(Retired/Inactive)

AGREED-UPON PROCEDURES

Northern Tier Community
Action Corporation
Emporium, PA 15834

Members of the Board:

We have performed the procedures enumerated below, which were agreed to by the Commonwealth of Pennsylvania, Department of Public Welfare (DPW) and Northern Tier Community Action Corporation solely to assist you with respect to the financial schedules and exhibits required by the DPW Single Audit Supplement. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the DPW. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

- (a) We have verified by comparison of the amounts and classifications that the supplemental financial schedules listed below, which summarize amounts reported to DPW for fiscal year ended June 30, 2014, have been accurately compiled and reflect the audited books and records of Northern Tier Community Action Corporation. We have also verified by comparison to the example schedules that these schedules are presented, at a minimum, at the level of detail and in the format required by the DPW Single Audit Supplement pertaining to this period.

Program Name

Referenced Schedule/Exhibit

Child Care Information
Services (CCIS)

CCIS Recap Worksheet for
FY 2013-2014

- (b) We have inquired of management regarding adjustments to reported revenues or expenditures which were not reflected on the reports submitted to DPW for the period in question.
- (c) The processes detailed in paragraphs (a) and (b) above disclosed no adjustments and/or findings.

MEMBER:

*American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants*

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Department of Public Welfare and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Mauthe, Yutzey, Gabler & Troxell LLC
Mauthe, Yutzey, Gabler & Troxell, LLC
Certified Public Accountants
March 30, 2015

NORTHERN TIER COMMUNITY ACTION CORPORATION

CCIS – NOTES TO SCHEDULE

June 30, 2014

Basis of Presentation

The financial information presented, except for the accounting of Grants Receivable, as noted below, was prepared using the same method of accounting as used in the preparation of the basic financial statements.

Reconciliation of CCIS RECAP WORKSHEET FOR FY 2013-2014, Total Due from DPW, to Schedule of Expenditures of Federal Awards, Accrued or Deferred Revenue at June 30, 2014

Reconciliation for the fiscal year ended June 30, 2014, follows.

Grants received subsequent to June 30, 2014	\$ 13,873.36
Less: State portion	<u>(2,987.90)</u>
Grants Receivable - Schedule of Expenditures of Federal Awards - June 30, 2014	<u>\$ 10,885.40</u>

Reconciliation of CCIS Expenditures, Statement of Functional Expenses to Schedule of Expenditures of Federal Awards

Total Expenses – Statement of Functional Expenses	\$ 943,123.93
Less: Expenses funded by state monies	(342,330.21)
Interest income expended	<u>(30.65)</u>
Total Expenses - Schedule of Expenditures of Federal Awards	<u>\$ 600,763.07</u>

See Note 2, Notes to Schedule of Expenditures of Federal Awards, Page 28, for further detail of CCIS expenditures.

NORTHERN TIER COMMUNITY ACTION CORPORATION

SCHEDULE OF WEATHERIZATION PROGRAM EXPENSES

For The Year Ended June 30, 2014

	<u>Weatherization - LIHEAP</u>	<u>Weatherization - DOE</u>	<u>Total</u>
Salaries and wages	\$ 139,422.53	\$ 24,024.34	\$ 163,446.87
Health and welfare	41,240.17	15,183.78	56,423.95
Pension expense	3,549.52	544.49	4,094.01
Payroll taxes	26,868.91	4,371.49	31,240.40
Consultant/professional fees	3,537.00	325.00	3,862.00
Subcontract	71,775.73	4,638.90	76,414.63
Supplies	16,455.93	455.40	16,911.33
Equipment and vehicles	11,676.83	5,387.77	17,064.60
Occupancy	8,914.95	2,937.52	11,852.47
Insurance	17,542.99	658.90	18,201.89
Training/technical assistance	0.00	1,695.00	1,695.00
Maintenance/vehicle operation	11,526.43	0.00	11,526.43
Travel	136.13	1,558.93	1,695.06
Postage	2,396.08	132.53	2,528.61
Telephone	2,400.09	410.71	2,810.80
Payroll processing	586.58	0.00	586.58
Materials installed	147,664.61	8,915.36	156,579.97
Advertising/printing/publications	5,007.29	160.30	5,167.59
Membership and dues	2,078.40	156.19	2,234.59
Depreciation	0.00	16,490.54	16,490.54
Computer services	2,468.84	191.98	2,660.82
Total Expenses	<u>\$ 515,249.01</u>	<u>\$ 88,239.13</u>	<u>\$ 603,488.14</u>

The accompanying notes are an integral part of the financial statements

NORTHERN TIER COMMUNITY ACTION CORPORATION

SCHEDULE OF CSBG PROGRAM EXPENSES

For The Year Ended June 30, 2014

	<u>CSBG</u>	<u>CSBG Discretionary</u>	<u>Total</u>
Salaries and wages	\$ 181,231.45	\$ 1,869.01	\$ 183,100.46
Health and welfare	46,455.42	1,118.13	47,573.55
Pension expense	8,236.85	25.03	8,261.88
Payroll taxes	23,097.66	182.96	23,280.62
Consultant/professional fees	5,300.00	0.00	5,300.00
Supplies	295.18	0.00	295.18
Equipment and vehicles	1,206.22	0.00	1,206.22
Occupancy	9,201.00	279.00	9,480.00
Insurance	2,627.60	0.00	2,627.60
Training/technical assistance	1,020.00	0.00	1,020.00
Maintenance/vehicle operation	1,866.80	0.00	1,866.80
Travel	2,419.46	0.00	2,419.46
Postage	92.65	0.00	92.65
Telephone	3,569.34	74.25	3,643.59
Payroll processing	635.29	0.00	635.29
Advertising/printing/publications	931.86	123.00	1,054.86
Memberships and dues	1,861.00	0.00	1,861.00
Other operating expenses	1,904.15	0.00	1,904.15
Depreciation	2,950.99	0.00	2,950.99
Computer services	2,427.27	108.00	2,535.27
	<u> </u>	<u> </u>	<u> </u>
Total Expenses	<u>\$ 297,330.19</u>	<u>\$ 3,779.38</u>	<u>\$ 301,109.57</u>

The accompanying notes are an integral part of the financial statements

NORTHERN TIER COMMUNITY ACTION CORPORATION

SCHEDULE OF EXPENSES - OTHER PROGRAMS

For The Year Ended June 30, 2014

PROGRAM SERVICES

	<u>HSSAP</u>	<u>HAP</u>	<u>Energy Assistance</u>	<u>Phare</u>	<u>Pre-K Counts</u>	<u>Food Bank</u>	<u>Total</u>
Salaries and wages	\$ 21,452.52	\$ 950.00	\$ 86,616.03	\$ 7,667.84	\$ 67,897.94	\$ 0.00	\$ 184,584.33
Health and welfare	13,129.47	203.22	30,095.84	695.50	19,599.51	0.00	63,723.54
Pension expense	410.13	47.50	2,826.38	119.15	2,470.19	0.00	5,873.35
Payroll taxes	3,181.12	93.01	13,901.64	1,248.51	9,067.93	0.00	27,492.21
Consultant/professional fees	875.00	581.00	5,077.00	1,900.00	1,576.00	0.00	10,009.00
Subcontract	0.00	0.00	24,528.20	0.00	0.00	0.00	24,528.20
Supplies	8,527.97	0.00	48.56	474.32	10,712.37	0.00	19,763.22
Equipment and vehicles	130.09	0.00	227.02	0.00	0.00	0.00	357.11
Occupancy	13,500.00	360.00	5,175.53	422.02	840.00	0.00	20,297.55
Insurance	1,024.28	0.00	3,418.76	390.00	1,151.09	0.00	5,984.13
Training/technical assistance	1,043.57	0.00	0.00	0.00	354.25	0.00	1,397.82
Travel	1,701.87	0.00	1,621.16	357.51	0.00	0.00	3,680.54
Postage	0.00	0.00	1,178.99	97.00	560.00	0.00	1,835.99
Utilities	0.00	0.00	465.97	0.00	0.00	0.00	465.97
Telephone	605.19	138.03	1,296.01	114.24	559.62	0.00	2,713.09
Payroll processing	41.60	0.00	248.61	29.77	179.87	0.00	499.85
Direct aid to individuals	0.00	4,081.00	30,663.01	4,357.16	0.00	0.00	39,101.17
Materials installed	0.00	0.00	58,193.71	0.00	0.00	0.00	58,193.71
Advertising/printing/publications	543.51	23.24	1,499.19	263.91	770.51	0.00	3,100.36
Parent activities	317.00	0.00	0.00	0.00	471.20	0.00	788.20
Other operating expenses	0.00	0.00	4,442.59	985.99	12.82	0.00	5,441.40
Depreciation	0.00	0.00	1,053.14	0.00	0.00	0.00	1,053.14
Food banks	0.00	0.00	0.00	0.00	0.00	7,807.07	7,807.07
Food and related expenses	545.55	0.00	0.00	0.00	1,404.44	0.00	1,949.99
Non-food items	2.38	0.00	0.00	0.00	81.74	0.00	84.12
Computer services	642.75	0.00	1,331.91	301.54	190.52	0.00	2,466.72
Total Expenses	<u>\$ 67,674.00</u>	<u>\$ 6,477.00</u>	<u>\$ 273,909.25</u>	<u>\$ 19,424.46</u>	<u>\$ 117,900.00</u>	<u>\$ 7,807.07</u>	<u>\$ 493,191.78</u>

The accompanying notes are an integral part of the financial statements

NORTHERN TIER COMMUNITY ACTION CORPORATION

SCHEDULE OF AGENCY ACTIVITY EXPENSES

For The Year Ended June 30, 2014

	<u>Master</u>	<u>Holding II</u>	<u>Housing</u>	<u>Total</u>
Salaries and wages	\$ 2,500.00	\$ 79,703.85	\$ 5,110.23	\$ 87,314.08
Health and welfare	(432.99)	320.36	3,101.87	2,989.24
Pension expense	125.00	3,092.10	249.79	3,466.89
Payroll taxes	248.46	11,225.86	749.29	12,223.61
Consultant/professional fees	0.00	0.00	1,978.00	1,978.00
Supplies	1,027.14	2,832.57	92.14	3,951.85
Equipment and vehicles	0.00	0.00	2,450.00	2,450.00
Occupancy	0.00	756.00	480.00	1,236.00
Insurance	(1,000.63)	0.00	2,382.49	1,381.86
Training/technical assistance	132.84	0.00	0.00	132.84
Maintenance/vehicle operation	708.86	3,395.54	0.00	4,104.40
Travel	0.00	97.92	0.00	97.92
Postage	26.06	140.00	0.00	166.06
Telephone	75.59	0.00	298.55	374.14
Payroll processing	(97.69)	213.46	62.25	178.02
Direct aid to individuals	0.00	1,904.00	0.00	1,904.00
Advertising/printing/publications	(5,198.11)	(78.00)	329.44	(4,946.67)
Memberships and dues	135.00	1,557.50	0.00	1,692.50
Interest expense	1,340.64	0.00	0.00	1,340.64
Food and related expenses	0.00	1,906.58	0.00	1,906.58
Other operating expenses	1,003.69	21,047.84	3,601.98	25,653.51
Depreciation	2,486.97	505.27	2,339.08	5,331.32
Computer services	3,173.00	(16,680.15)	595.96	(12,911.19)
Total Expenses	\$ 6,253.83	\$ 111,940.70	\$ 23,821.07	\$ 142,015.60

The accompanying notes are an integral part of the financial statements

NORTHERN TIER COMMUNITY ACTION CORPORATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2014

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program Award Amount</u>	<u>Total Received for Year</u>	<u>Cash/Accrued or (Deferred) Revenue at July 1, 2013</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>	<u>Transfers</u>	<u>Cash/Accrued or (Deferred) Revenue at June 30, 2014</u>
Department of Health and Human Services (DHHS)									
Direct Program									
Head Start	93.600	03CH2665/45	1,923,017.00	28,779.20	28,779.20	- 0 -	- 0 -	- 0 -	- 0 -
Head Start	93.600	03CH2665/46	1,823,198.00	1,511,784.89	13,451.21	1,498,333.68	1,498,333.68	- 0 -	- 0 -
Head Start	93.600	03CH2665/47	1,947,640.00	318,799.19	- 0 -	326,885.25	326,885.25	- 0 -	8,086.06
PA Department of Community and Economic Development									
Community Services Block Grant	93.569	C000052921	5,000.00	5,000.00	1,220.62	3,779.38	3,779.38	- 0 -	- 0 -
Community Services Block Grant	93.569	C000057120	346,483.00	63,207.00	- 0 -	158,274.83	158,274.83	- 0 -	95,067.83
Community Services Block Grant	93.569	C000052476	531,494.00	194,994.00	58,899.66	136,094.34	136,094.34	- 0 -	- 0 -
Low-Income Home Energy Assistance Program (LIHEAP)	93.568	C000055866	413,130.00	238,604.00	- 0 -	323,839.45	323,839.45	- 0 -	85,235.45
Low-Income Home Energy Assistance Program (LIHEAP)	93.568	C000053059	382,916.00	200,466.00	9,056.44	191,409.56	191,409.56	- 0 -	- 0 -
PA Department of Public Welfare									
Child Care and Development Block Grant	93.575	DC12-129952	1,230,632.00	26,034.75	26,034.75	- 0 -	- 0 -	- 0 -	- 0 -
Social Services Block Grant	93.667	DC13-139952	65,728.63	65,728.63	- 0 -	65,728.63	65,728.63	- 0 -	- 0 -
Temporary Assistance for Needy Families (TANF)	93.558	DC13-139952	21,464.69	21,464.69	- 0 -	22,745.25	22,745.25	- 0 -	1,280.56
State Administrative Matching Grants For the Supplemental Nutrition Assistance Program (SNAP)	10.561	DC13-139952	673.25	673.25	- 0 -	673.25	673.25	- 0 -	- 0 -
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	DC13-139952	261,506.84	261,500.84	- 0 -	261,500.84	261,500.84	- 0 -	- 0 -
Child Care and Development Block Grant	93.575	DC13-139952	250,115.10	240,510.26	- 0 -	250,115.10	250,115.10	- 0 -	9,604.84
Total CCDF Cluster				502,011.10	- 0 -	511,615.94	511,615.94	- 0 -	9,604.84
Total Department of Health and Human Services				3,177,546.70	137,441.88	3,239,379.56	3,239,379.56	- 0 -	199,274.74
Department of Energy (DOE)									
PA Department of Community and Economic Development									
Weatherization Assistance for Low-Income Persons	81.042	C000053059	96,668.00	53,179.00	12,873.41	40,305.59	40,305.59	- 0 -	- 0 -
Weatherization Assistance for Low-Income Persons	81.042	C000055866	31,443.00	31,414.00	- 0 -	31,443.00	31,443.00	- 0 -	29.00
Total Department of Energy				84,593.00	12,873.41	71,748.59	71,748.59	- 0 -	29.00

* Fee-For-Service

The accompanying notes are an integral part of the financial statements

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Page 2

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program Award Amount</u>	<u>Total Received for Year</u>	<u>Cash/Accrued or (Deferred) Revenue at July 1, 2013</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>	<u>Transfers</u>	<u>Cash/Accrued or (Deferred) Revenue at June 30, 2014</u>
<u>Department of Agriculture</u>									
PA Department of Agriculture/ Cameron, Elk and Potter Counties Agreement for Distribution of Donated Commodities									
	10.569	N/A	N/A	12,756.08	- 0 -	12,756.08	12,756.08	- 0 -	- 0 -
The Emergency Food Assistance Program (Administrative Cost)									
	10.568 *	N/A	N/A	2,772.95	527.94	2,298.66	2,298.66	- 0 -	53.65
PA Department of Education Child and Adult Care Food Program County of Cameron									
	10.558 *	300-12-500-00	N/A	122,175.19	- 0 -	122,175.19	122,175.19	- 0 -	- 0 -
Rural Business Enterprise Grants									
	10.769	N/A	N/A	7,119.20	647.20	7,490.11	7,490.11	- 0 -	1,018.11
<u>Total Department of Agriculture</u>				<u>144,823.42</u>	<u>1,175.14</u>	<u>144,720.04</u>	<u>144,720.04</u>	<u>- 0 -</u>	<u>1,071.76</u>
<u>Department of Housing and Urban Development</u>									
PA Housing Finance Agency Housing Counseling Assistance Pgm County of Cameron									
	14.169	N/A	N/A	2,250.00	150.00	2,100.00	2,100.00	- 0 -	- 0 -
Community Development Block Grant									
	14.218	N/A	N/A	25,239.58	2,103.40	27,499.67	27,499.67	- 0 -	4,363.49
Home Investment Partnerships Program									
	14.239	N/A	N/A	11,327.23	1,132.60	12,556.78	12,556.78	- 0 -	2,362.15
<u>Total Department of Housing and Urban Development</u>				<u>38,816.81</u>	<u>3,386.00</u>	<u>42,156.45</u>	<u>42,156.45</u>	<u>- 0 -</u>	<u>6,725.64</u>
<u>Federal Emergency Management Agency</u>									
United Way of America									
	97.024	30-7210-00	5,200.00	500.00	- 0 -	500.00	500.00	- 0 -	- 0 -
United Way of America									
	97.024	30-7240-00	5,200.00	1,005.50	- 0 -	1,005.50	1,005.50	- 0 -	- 0 -
<u>Total Federal Emergency Management Agency</u>				<u>1,505.50</u>	<u>- 0 -</u>	<u>1,505.50</u>	<u>1,505.50</u>	<u>- 0 -</u>	<u>- 0 -</u>
<u>Total</u>				<u>\$ 3,447,285.43</u>	<u>\$ 154,876.43</u>	<u>\$ 3,499,510.14</u>	<u>\$ 3,499,510.14</u>	<u>\$ - 0 -</u>	<u>\$ 207,101.14</u>

* Fee-For-Service

The accompanying notes are an integral part of the financial statements

NORTHERN TIER COMMUNITY ACTION CORPORATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2014

Note 1 The financial information presented on the Schedule of Expenditures of Federal Awards was prepared in accordance with guidance provided by grant awarding agencies. The agencies provide guidance on the billing and reporting of contract and grant claimed costs; however, such guidance is not considered a regulatory basis of accounting, nor is it in accordance with generally accepted accounting principles. Purchases of fixed assets are reported as allowable period contract costs, versus capitalizing and depreciating the cost of those fixed assets over their estimated useful lives in accordance with generally accepted accounting principles.

Note 2 Child Care Information Services - Contract No. DC13-139952

Funds received by the Corporation for the year ended June 30, 2014, from the PA Department of Public Welfare (DPW) for Subsidized Child Day Care (CCIS) contained funding from various sources. Analysis follows.

<u>Description/CFDA #</u>	<u>Amount Received</u>	<u>Amount Expended</u>	<u>Amount Due From DPW</u>
Child Care Development and Block Grant/93.575	\$ 240,510.26	\$ 250,115.10	\$ 9,604.84
Child Care Mandatory and Matching Funds of the Childcare and Development Fund/93.596	<u>261,500.84</u>	<u>261,500.84</u>	<u>0.00</u>
Total CCDF Cluster	502,011.10	511,615.94	9,604.84
State Adm. Matching Grant for the SNAP/10.561	673.25	673.25	0.00
Temporary Assistance for Needy Families/93.558	21,464.69	22,745.25	1,280.56
Social Services Block Grant/93.667	<u>65,728.63</u>	<u>65,728.63</u>	<u>0.00</u>
Total Federal	589,877.67	600,763.07	10,885.40
State Funds	<u>339,342.25</u>	<u>342,330.21</u>	<u>2,987.96</u>
Total Subsidized Child Day Care	<u>\$ 929,219.92</u>	<u>\$ 943,093.28</u>	<u>\$ 13,873.36</u>

Note 3 Fee-For-Services

The Corporation recognizes revenue applicable to fee-for-service contracts as services are performed. For presentation on the Schedule of Expenditures of Federal Awards, program expenditures were assumed to be equal to revenue recognized. However, actual expenditures may vary from amounts presented.

Note 4 Department of Agriculture - Donated Commodities

Beginning and ending deferred revenue balances represent the amounts of donated commodities inventory on hand as of those dates. Analysis follows.

Beginning inventory - July 1, 2013	\$ 0.00	
Commodities received	12,756.08	
Commodities disbursed	<u>(12,756.08)</u>	
Ending Inventory - June 30, 2014	<u>\$ 0.00</u>	

Note 5 The Emergency Food Assistance Program

Funds provided the Corporation for The Emergency Food Assistance Program Administrative Costs as presented in the Schedule of Expenditures of Federal Awards may not be exclusively federal funds. County dollars were provided the Corporation when allowable administrative costs exceeded federal allotments. Specific identification was not made for financial statement presentation.

Note 6 Reconciliation of Statement of Financial Position to Schedule of Expenditures of Federal Awards

Statement of financial position account balances at June 30, 2014:

Grants receivable	\$ 296,898.06	
Less: Non-federal amount	<u>(89,796.92)</u>	
		207,101.14
Deferred revenue	(115,912.37)	
Less: Non-federal amount	<u>(115,912.37)</u>	
		<u>- 0 -</u>
Total Cash/Accrued or (Deferred) Revenue at June 30, 2014, Schedule of Expenditures of Federal Awards		<u>\$ 207,101.14</u>

Note 7 Reconciliation of Expenses per Statement of Activities to Schedule of Expenditures of Federal Awards

Total Expenses per Statement of Activities	\$ 5,053,009.05
Less: Nonfederal program funds	(999,372.72)
Less: In-Kind expenses	(517,313.55)
Less: Depreciation expense – Federal programs	<u>(36,812.64)</u>
Total Expenses – Schedule of Expenditures of Federal Awards	<u>\$ 3,499,510.14</u>

MAUTHE, YUTZEY, GABLER & TROXELL, LLC

Certified Public Accountants

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William L. Mauthe, CPA
(Retired/Inactive)

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

Northern Tier Community
Action Corporation
Emporium, PA 15834

Members of the Board:

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 Northern Tier Community Action Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, 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 March 30, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northern Tier Community Action Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northern Tier Community Action Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

MEMBER:

*American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants*


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

Compliance and Other Matters

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

Purpose of this Report

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


Mauthe, Yutzey, Gabler & Troxell, LLC
Certified Public Accountants
March 30, 2015

MAUTHE, YUTZEY, GABLER & TROXELL, LLC

Certified Public Accountants

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William L. Mauthe, CPA INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
(Retired/Inactive)

MAJOR PROGRAM AND ON INTERNAL CONTROL OVER

COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Northern Tier Community
Action Corporation
Emporium, PA 15834

Members of the Board:

Report on Compliance for Each Major Federal Program

We have audited Northern Tier Community Action Corporation's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Northern Tier Community Action Corporation's major federal programs for the year ended June 30, 2014. Northern Tier Community Action Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Northern Tier Community Action Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Northern Tier Community Action Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

MEMBER:

*American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants*

Opinion on Each Major Federal Program

In our opinion, Northern Tier Community Action Corporation 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, 2014.

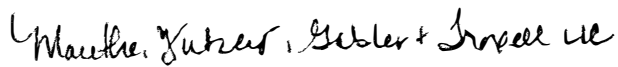
Report on Internal Control Over Compliance

Management of Northern Tier Community Action Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Northern Tier Community Action Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northern Tier Community Action Corporation's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Mauthe, Yutzey, Gabler & Troxell, LLC
Certified Public Accountants
March 30, 2015

NORTHERN TIER COMMUNITY ACTION CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2014
(Continued)

Section I - Summary of Auditor's Results

Dollar threshold used to distinguish
Between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? Yes No

Section II – Financial Statement Findings

No financial statement findings - schedule does not apply

Section III - Federal Award Findings and Questioned Costs

No federal award findings and questioned costs - schedule does not apply

MAUTHE, YUTZEY, GABLER & TROXELL, LLC

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NORTHERN TIER COMMUNITY ACTION CORPORATION

William L. Mauthe, CPA
(Retired/Inactive)

REPORT ON PRIOR YEAR'S AUDIT FINDINGS

For The Year Ended June 30, 2014

Northern Tier Community
Action Corporation
Emporium, PA 15834

Members of the Board:

We have completed our audit of the financial statements of Northern Tier Community Action Corporation for the year ended June 30, 2014. As reported in our opinion dated March 30, 2015, we performed our audit in accordance with auditing standards generally accepted in the United States of America, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As part of our audit, we are to review the schedule of findings and questioned costs as disclosed in the prior year's auditor's report to determine the disposition of each finding. The prior year's auditor's report disclosed no material findings.

Mauthe, Yutzey, Gabler + Troxell LLC

Mauthe, Yutzey, Gabler & Troxell, LLC
Certified Public Accountants
March 30, 2015

MEMBER:

*American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants*