



NORTHERN TIER

COMMUNITY ACTION CORPORATION

Emporium, Pennsylvania

DUNS: 088417589

Financial Statements

June 30, 2016

Northern Tier Community Action Corporation

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Northern Tier Community Action Corporation

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INDEPENDENT AUDITOR'S REPORT

Northern Tier Community Action Corporation
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, 2016, 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.

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, 2016, 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2017, 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
Certified Public Accountants
June 15, 2017

Northern Tier Community Action Corporation

Statement of Financial Position

June 30, 2016

Assets**Current Assets:**

Cash in bank	\$ 292,589.52
Prepaid Expenses	81,738.15
Accounts Receivable	86,667.73
Grants Receivable	468,663.56
Inventory - Materials	<u>111,417.71</u>

Total Current Assets 1,041,076.67

NonCurrent Assets:

Property and Equipment, at Cost, Net of Accumulated Depreciation	<u>239,663.19</u>
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Total Assets \$ 1,280,739.86

Liabilities and Net Assets**Current Liabilities:**

Accounts Payable	\$ 192,766.38
Accrued Salaries and Fringes Payable	48,161.02
Deferred Revenue	162,960.85
Interest Due Grantors	3.26
Line of Credit	60,790.32
Note Payable	<u>2,575.04</u>

Total Current Liabilities 467,256.87

Net Assets:

Unrestricted	<u>813,482.99</u>
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Total Net Assets 813,482.99

Total Liabilities and Net Assets \$ 1,280,739.86

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, 2016

Support and Revenues:**Support:**

Grants	\$ 4,389,143.44
In-Kind Contributions	545,042.50
Commodities	25,251.03

Total Support	4,959,436.97
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Revenues:

Program Service Fees	63,070.80
Rental Income	74,092.83
Interest Income	277.04
Program Income	326,759.48

Total Revenues	464,200.15
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Total Support and Revenues	5,423,637.12
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Expenses:**Program Services:**

Weatherization	577,298.54
Child Care Information Services (CCIS)	976,993.83
Head Start	2,524,956.50
Community Services Block Grant (CSBG)	263,484.16
The Emergency Food Assistance Program (TEFAP)/ Child and Adult Care Food Program (CACFP)	251,604.95
Emergency Solutions - Veterans	68,652.35
Other Programs	687,676.63

Total Program Services	5,350,666.96
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Support Services:

Agency Activities	159,883.42
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Total Expenses	5,510,550.38
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Change in Net Assets	(86,913.26)
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Net Assets, beginning of year	900,396.25
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Net Assets, end of year	\$ 813,482.99
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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, 2016

	Program Services								
	Weatheriza- tion	CCIS	Head Start	CSBG	TEFAP/ CACFP	Emergency Solutions - Veterans	Other Programs	Agency Activities	Total
Salaries and Wages	\$ 171,824.88	\$ 144,158.00	\$ 929,036.31	\$ 136,645.14	\$ 21,156.58	\$ 20,954.73	\$ 248,920.17	\$ 67,755.61	\$ 1,740,451.42
Health and Welfare	55,555.57	49,363.26	313,782.00	48,169.78	11,369.16	7,600.01	86,677.85	14,149.50	586,667.13
Pension Expense	4,352.85	5,728.76	24,310.18	4,512.24	684.84	837.17	7,241.89	3,464.96	51,132.89
Payroll Taxes	31,482.33	21,131.13	151,049.91	20,574.13	3,543.36	3,339.94	43,298.06	14,069.52	288,488.33
Total Salaries and Related Expenses	263,215.63	220,381.15	1,418,178.40	209,901.29	36,753.94	32,731.85	386,137.97	99,439.59	2,666,739.82
Commodities Distributed	-	-	-	-	25,251.03	-	-	-	25,251.03
Consultant/Professional Fees	7,900.00	8,550.00	19,752.78	6,000.00	500.00	2,500.00	(3,383.60)	1,267.78	43,086.93
Subcontract	85,608.88	-	-	-	-	-	59,993.88	-	145,602.76
Supplies	11,172.84	4,460.54	118,947.36	359.09	20.74	956.25	22,756.51	2,391.39	161,064.72
Equipment and Vehicles	4,251.66	677.51	29,238.91	10,376.00	174.12	1,590.05	3,245.89	6,905.54	56,459.68
In-Kind	-	-	545,042.50	-	-	-	-	-	545,042.50
Occupancy	13,768.12	13,561.83	171,030.00	9,600.00	2,280.00	3,180.00	26,518.13	1,476.00	241,414.03
Insurance	13,823.62	3,520.00	11,498.00	1,888.13	1,369.41	375.00	8,032.25	2,554.29	43,060.70
Training/Technical Assistance	-	500.00	32,757.15	2,291.43	-	-	4,307.02	-	39,855.65
Maintenance/Vehicle Operation	8,554.43	-	5,224.69	476.30	2,026.78	-	4,036.29	84.00	20,402.49
Travel	143.66	2,626.50	18,857.59	4,324.83	138.15	4,204.30	5,921.31	82.80	36,299.14
Postage	264.97	1,899.96	2,930.00	-	-	376.00	1,080.18	203.27	6,754.38
Telephone	3,798.44	2,555.25	32,711.89	4,289.89	297.07	350.17	4,353.57	857.84	49,214.12
Payroll Processing	459.07	332.64	3,481.94	1,023.91	53.53	87.88	483.82	1,059.05	6,981.84
Contracted Transportation	-	-	30,536.25	-	-	-	-	-	30,536.25
Direct Aid to Individuals	-	-	-	-	-	20,918.20	52,984.07	2,235.00	76,137.27
Materials Installed	127,631.80	-	-	-	-	-	83,157.03	-	210,788.83
Repairs and Maintenance	4,119.11	-	-	-	-	-	-	202.81	4,321.92
Advertising/Printing/Publications	4,642.21	2,170.97	9,714.06	1,623.20	445.86	-	3,557.44	443.03	22,596.77
Memberships and Dues	1,200.00	-	12,025.83	4,083.27	-	-	-	775.00	18,084.10
Parent Activities	-	-	5,082.18	-	-	-	737.09	-	5,819.27
Other Operating Expenses	4,949.17	-	1,870.87	1,563.73	131.00	173.79	7,182.00	20,435.78	36,306.34
Depreciation	16,490.54	-	14,883.27	1,929.00	-	-	1,053.14	7,353.70	41,709.65
Interest Expense	-	-	-	-	-	-	-	998.19	998.19
Food and Related Expenses	-	-	24,763.46	-	173,726.07	-	9,985.96	2,988.87	211,464.36
Non-Food Items	-	-	1,660.48	-	6,564.16	-	40.17	-	8,264.81
Computer Services	5,304.39	3,804.20	14,768.89	3,754.04	1,873.09	1,208.86	5,496.51	8,129.49	44,339.47
Provider Payments	-	711,953.28	-	-	-	-	-	-	711,953.28
Total Expenses	\$ 577,298.54	\$ 976,993.83	\$ 2,524,956.50	\$ 263,484.13	\$ 251,604.95	\$ 68,652.35	\$ 687,676.63	\$ 159,883.42	\$ 5,510,550.38

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, 2016

Cash Flows from Operating Activities:	
Increase (Decrease) in net assets	\$ (86,913.26)
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities	
Depreciation	41,709.65
(Increase) Decrease in Operating Assets:	
Prepaid Expenses	(50,615.95)
Accounts Receivable	(83,833.21)
Grants Receivable	(270,312.61)
Inventory	(21,893.86)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	53,798.07
Accrued Salaries and Fringes Payable	(39,415.10)
Deferred Revenue	47,165.93
Interest Due Grantors	(5.09)
Net Cash Provided (Used) by Operating Activities	<u>(410,315.43)</u>
Cash Flows from Financing Activities:	
Acquisition of Fixed Assets	(36,638.00)
Proceeds from Line of Credit	139,370.00
Principal payments on Line of Credit	(78,579.68)
Repayment of Long-Term Debt	(5,916.83)
Net Cash Provided (Used) by Financing Activities	<u>18,235.49</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(392,079.94)
Cash and Cash Equivalents - June 30, 2015	<u>684,669.46</u>
Cash and Cash Equivalents - June 30, 2016	<u>\$ 292,589.52</u>
Supplemental Disclosure:	
Cash Paid During the Year for Interest	<u>\$ 998.19</u>

The accompanying notes are an integral part of the financial statements

Northern Tier Community Action Corporation

Notes to Financial Statements

June 30, 2016

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.

Northern Tier Community Action Corporation

Notes to Financial Statements (continued)

June 30, 2016

Note 1 - Summary of Significant Accounting Policies (continued)**Fair Value of Financial Instruments**

The Corporation's financial instruments are cash and cash equivalents, accounts receivable, accounts payable, and notes payable. 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 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 \$111,417.71 at June 30, 2016, are stated at cost, determined by the first-in, first-out method. There were no commodity inventory items on hand at June 30, 2016.

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.

Northern Tier Community Action Corporation

Notes to Financial Statements (continued)

June 30, 2016

Note 1 - Summary of Significant Accounting Policies (continued)**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:

	Range of Lives
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 in the year placed in service.

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 June 15, 2017, 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.

Northern Tier Community Action Corporation

Notes to Financial Statements (continued)

June 30, 2016

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, 2016, follow.

<u>Name of Depository/ Account Title</u>	<u>Balance per Depository</u>
Northwest Savings Bank	
Child Care Information Services	\$ 55,981.09
Weatherization DOE	2,193.87
Weatherization LIHEAP	9,963.43
Community Services Block Grant	8,424.72
Head Start	13,427.96
Homeless Assistance	1,002.42
Head Start Policy Council	700.72
Child and Adult Care Food Program	5,747.25
Energy Assistance	10,615.94
Holding Account II	10,184.16
Consolidated Account	11,929.81
Master Account	22,521.23
Housing Component	50,619.34
Emergency Solutions – Veterans	1,793.35
Payroll Account	1,311.70
Food Program	13,463.71
Pre-K Counts	10,418.27
Money Market Housing	522.08
HSSAP	386.47
Title II Commodities	2,412.35
EA/TEFAP Money Market	10,072.20
PHARE	<u>31,706.22</u>
	<u>\$ 275,398.29</u>

Northern Tier Community Action Corporation

Notes to Financial Statements (continued)

June 30, 2016

Note 2 – Deposits (continued)

Amounts deposited at Northwest Savings Bank as of June 30, 2016, 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, 2016, Northwest Savings Bank had a \$450,000,000 letter of credit, issued by Federal Home Loan Bank of Pittsburgh, to cover public funds deposits.

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, 2016, consist of:

<u>Program</u>	<u>Amount</u>
Federal Amounts	
Head Start	\$ 14,584.92
Child Care Information Services	27,171.08
Community Services Block Grant	91,195.58
CSBG – Discretionary	10,000.00
Weatherization – DOE	30,303.92
Weatherization – LIHEAP	220,029.00
TEFAP Program	8,631.73
Emergency Solutions – Veterans	47,552.91
Cameron County – purchase of service contract	<u>3,992.92</u>
Total Federal Amounts	453,462.06
Non-Federal Amounts	<u>15,201.50</u>
Total Receivable	<u>\$ 468,663.56</u>

Northern Tier Community Action Corporation

Notes to Financial Statements (continued)

June 30, 2016

Note 4 - Property and Equipment

Property and equipment are summarized by major classifications as follows:

Land and Buildings	\$ 253,797.36
Buses and Vehicles	171,163.31
Program and Office Equipment	<u>198,934.98</u>
Total	623,895.65
Less: Accumulated Depreciation	<u>(384,234.46)</u>
Property Net of Accumulated Depreciation	<u>\$ 239,663.19</u>

Depreciation expense for the year ended June 30, 2016, totaled \$41,709.65.

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, 2016, consists of:

<u>Program</u>	<u>Amount</u>
Federal Amounts	
Weatherization - LIHEAP	\$ 49,636.53
Non-Federal Amounts	<u>114,324.32</u>
Total	<u>\$ 162,960.85</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, 2016, totals \$3.26. Analysis follows.

Head Start	\$ <u>3.26</u>
Total	<u>\$ 3.26</u>

Northern Tier Community Action Corporation

Notes to Financial Statements (continued)

June 30, 2016

Note 7 - Debt

The Corporation maintains a \$200,000 secured line of credit used to fund temporary cash flow shortages within programs. The credit line is secured with collateral from all inventory equipment accounts. The interest rate is 3.50%. The line is subject to periodic review and is cancelable at any time. Interest expense is charged to the Holding II program. The credit line had a balance of \$60,790.32 as of June 30, 2016.

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, 2016.

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 4th Street, Emporium, PA. \$ 2,575.04

Following is a summary of changes in long-term debt for the year ended June 30, 2016.

	Northwest Savings Bank
Balance – July 1, 2015	\$ 8,491.87
Principal Amounts Paid	<u>(5,916.83)</u>
Balance – June 30, 2016	<u>\$ 2,575.04</u>

Following are maturities of long-term debt:

2017	<u>\$ 2,575.04</u>
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Northern Tier Community Action Corporation

Notes to Financial Statements (continued)

June 30, 2016

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 \$11.55 minimum wage rate which includes an 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, 2016, totaled \$51,132.89.

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, 2016, totaled \$11,874.20.

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, 2016, totaled \$156,345.00.

Northern Tier Community Action Corporation

Notes to Financial Statements (continued)

June 30, 2016

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, 2016.

<u>Location of Property</u>	<u>Cost</u>
106 West 7th Street Emporium, PA	\$ 32,149.15
121-123 West 6th Street Emporium, PA	<u>68,711.24</u>
	100,860.39
Less: Accumulated Depreciation	<u>(51,334.48)</u>
Property Net of Accumulated Depreciation	<u>\$ 49,525.91</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, 2016, the Corporation collected \$56,355.83 from the programs utilizing the facilities. Operating expenses incurred for this same period, totaled \$51,478.00.

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

Certified Public Accountants

Gregory L. Yutzey, CPA
Larry A. Gabler, CPA
Megan R. Troxell, CPA

Telephone: (814) 371-1760
Fax: (814) 375-1003
Email: info@mygtcpa.com

P.O. Box 1029
2882 Oklahoma Salem Road
DuBois, PA 15801

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING 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 Human Services (DHS) and Northern Tier Community Action Corporation solely to assist you in evaluating the financial schedules and exhibits required by the DHS Single Audit Supplement for the year ended June 30, 2016. 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 parties specified in this report. 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 DHS for fiscal year ended June 30, 2016, 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 DHS Single Audit Supplement pertaining to this period.

<u>Program Name</u>	<u>Referenced Schedule/Exhibit</u>
Child Care Information Services (CCIS)	CCIS Recap Worksheet for FY 2015-2016

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

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 Human Services and management of Northern Tier Community Action Corporation 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. This report is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Mauthe, Yutzey, Gabler & Troxell LLC". The script is cursive and fluid.

Mauthe, Yutzey, Gabler & Troxell, LLC
Certified Public Accountants
June 15, 2017

COUNTY(IES)	Cameron/Elk/McKean/Potter
PREPARED BY	Carolann L Strahl
PHONE NUMBER	800-638-4670, 814-486-1974

SUMMARY FY 2015-16

* If TOTAL DUE DHS is positive, issue check to Department of Human Services in the amount listed. Include the check with the Recap Packet - to be received by OCDEL no later than 5:00 pm, Thursday, September 15, 2016.

CERTIFICATION:

David M. Gorman

12/7/16

NAME David Greene
(please print)

ELK CO FUNDA 24/63407 APPEAL RECOUPMENT FY 15/16 TOTAL RECEIVED \$1210.80
Payment received July 2015-June 2016, \$100 submitted monthly, (11 months), plus 1 final payment \$110.80

The accompanying notes are an integral part of the financial statements



MAUTHE, YUTZEY, GABLER & TROXELL, LLC
Certified Public Accountants

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**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
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 Human Services (DHS) and Northern Tier Community Action Corporation solely to assist you in evaluating the financial schedules and exhibits required by the DHS Single Audit Supplement for the year ended June 30, 2016. Northern Tier Community Action Corporation is responsible for the financial schedule required by DHS Audit Guidelines. 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 parties specified in this report. 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) Agree the expenditure amounts listed on the reconciliation schedule under the "Federal Expenditures per the SEFA" column to the audited Schedule of Expenditures of Federal Awards (SEFA).
- b) Agree the receipt amounts listed on the reconciliation schedule under the "Federal Awards Received per the audit confirmation reply from Pennsylvania" column to the subrecipient federal amounts that were reflected in the audit confirmation reply from the Office of Budget, Comptroller Operations.
- c) Recalculate the amounts listed under the "Difference" column.
- d) Agree the amounts listed under the "Difference" column to the audited books and records of the Provider.
- e) Agree the "Detailed Explanation of the Differences" to the audited books and records of the Provider.
- f) Based on the procedures detailed in Paragraphs (A) through (E) above, disclose any adjustments and/or findings which have not been reflected on the corresponding schedules (list each separately.).

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 Human Services and management of Northern Tier Community Action Corporation 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. This report is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Mauthe, Yutzey, Gabler & Troxell LLC". The script is cursive and fluid.

Mauthe, Yutzey, Gabler & Troxell, LLC
Certified Public Accountants
June 15, 2017

Northern Tier Community Action Corporation

Reconciliation - Federal Awards Passed Through The Pennsylvania Department of Human Services

Expenditures Per The SEFA To Revenue Received Per Confirmation With PA DHS

For the Year Ended June 30, 2016

CFDA Name	Federal CFDA Number	Pass-Through Grantor Number	Federal Expenditures per the SEFA	Federal Awards Received per Audit Confirmation	Difference	% Difference	Detailed Explanation of the Difference
Child Care and Development Block Grant (CCDBG)	93.575	DC 14-139952	\$ -	\$ 8,621.26	\$ (8,621.26)	-100.00%	1
Social Services Block Grant (SSBG)	93.667	DC 14-139952	-	4,007.02	(4,007.02)	-100.00%	1
Child Care and Development Block Grant (CCDBG)	93.575	DC 15-139952	273,258.54	246,087.46	27,171.08	11.04%	1
Social Services Block Grant (SSBG)	93.667	DC 15-139952	64,673.63	64,673.63	-	0.00%	
Child Care and Development Fund Block Grant	93.596	DC 15-139952	242,679.33	242,679.33	-	0.00%	
Temporary Aid for Needy Families (TANF)	93.558	DC 15-139952	11,702.25	11,702.25	-	0.00%	
Supplemental Nutrition Assistance Program (SNAP)	10.561	DC 15-139952	553.52	553.52	-	0.00%	
Total			<u>\$ 592,867.27</u>	<u>\$ 578,324.47</u>			

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1 - Difference from cash to accrual

The accompanying notes are an integral part of the financial statements

Northern Tier Community Action Corporation

CCIS – Notes to Schedule

June 30, 2016

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 2015-2016, Total Due from DHS, to Schedule of Expenditures of Federal Awards, Accrued or Deferred Revenue at June 30, 2016

Reconciliation for the fiscal year ended June 30, 2016, follows:

Grants Received Subsequent to June 30, 2016	\$ 32,788.42
Less: State Portion	<u>(5,617.34)</u>
Grants Receivable - Schedule of Expenditures of Federal Awards - June 30, 2016	<u>\$ 27,171.08</u>

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

Total Expenses – Statement of Functional Expenses	\$ 976,993.83
Less: Expenses Funded by State Monies	(384,100.87)
Interest Income Expended	<u>(25.69)</u>
Total Expenses - Schedule of Expenditures of Federal Awards	<u>\$ 592,867.27</u>

See Note 5, Notes to Schedule of Expenditures of Federal Awards, Page 35, for further detail of CCIS expenditures.

Northern Tier Community Action Corporation
Schedule of Weatherization Program Expenses
For The Year Ended June 30, 2016

	Weatherization - LIHEAP	Weatherization - DOE	Total
Salaries and Wages	\$ 113,566.30	\$ 58,258.58	\$ 171,824.88
Health and Welfare	25,000.05	30,555.52	55,555.57
Pension Expense	3,198.39	1,154.46	4,352.85
Payroll Taxes	21,557.38	9,924.95	31,482.33
Consultant/Professional Fees	6,500.00	1,400.00	7,900.00
Subcontract	69,493.14	16,115.74	85,608.88
Supplies	7,528.17	3,644.67	11,172.84
Equipment and Vehicles	3,513.47	738.19	4,251.66
Occupancy	7,802.80	5,965.32	13,768.12
Insurance	9,237.20	4,586.42	13,823.62
Maintenance/Vehicle Operation	1,137.36	7,417.07	8,554.43
Travel	143.66	-	143.66
Postage	-	264.97	264.97
Telephone	2,179.56	1,618.88	3,798.44
Payroll Processing	378.09	80.98	459.07
Materials Installed	101,639.57	25,992.23	127,631.80
Repairs and Maintenance	4,119.11	-	4,119.11
Advertising/Printing/Publications	2,100.00	2,542.21	4,642.21
Other Operating Expenses	4,949.17	-	4,949.17
Memberships and Dues	-	1,200.00	1,200.00
Depreciation	-	16,490.54	16,490.54
Computer Services	863.84	4,440.55	5,304.39
Total Expenses	\$ 384,907.26	\$ 192,391.28	\$ 577,298.54

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, 2016

	CSBG	CSBG Discretionary	Total
Salaries and Wages	\$ 136,645.14	\$ -	\$ 136,645.14
Health and Welfare	48,169.78	-	48,169.78
Pension Expense	4,512.24	-	4,512.24
Payroll Taxes	20,574.13	-	20,574.13
Consultant/Professional Fees	6,000.00	-	6,000.00
Supplies	359.09	-	359.09
Equipment and Vehicles	780.00	9,596.00	10,376.00
Occupancy	9,600.00	-	9,600.00
Insurance	1,888.13	-	1,888.13
Training/Technical Assistance	2,291.48	-	2,291.48
Maintenance/Vehicle Operation	233.30	243.00	476.30
Travel	4,324.83	-	4,324.83
Telephone	4,289.89	-	4,289.89
Payroll Processing	1,023.91	-	1,023.91
Advertising/Printing/Publications	1,462.20	161.00	1,623.20
Memberships and Dues	4,083.27	-	4,083.27
Other Operating Expenses	1,563.73	-	1,563.73
Depreciation	1,929.00	-	1,929.00
Computer Services	3,754.04	-	3,754.04
Total Expenses	\$ 253,484.16	\$ 10,000.00	\$ 263,484.16

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, 2016

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	HSSAP	HAP	Energy Assistance	PHARE	Pre-K Counts	Food Bank	Total
Salaries and Wages	\$ 23,069.88	\$ 1,100.00	\$ 134,043.73	\$ 22,829.81	\$ 67,876.75	\$ -	\$ 248,920.17
Health and Welfare	18,055.80	201.83	35,861.70	11,587.36	20,971.16	-	86,677.85
Pension Expense	363.24	55.00	3,094.33	1,117.90	2,611.42	-	7,241.89
Payroll Taxes	3,641.34	262.17	26,527.50	3,159.26	9,707.79	-	43,298.06
Consultant/Professional Fees	933.01	257.00	(9,426.11)	1,900.00	2,952.50	-	(3,383.60)
Subcontract	-	-	59,993.88	-	-	-	59,993.88
Supplies	3,818.45	-	3,573.33	682.38	14,682.35	-	22,756.51
Equipment and Vehicles	-	-	3,071.77	174.12	-	-	3,245.89
Occupancy	13,500.00	360.00	8,299.13	3,300.00	1,059.00	-	26,518.13
Insurance	1,039.60	-	4,584.41	780.00	1,628.24	-	8,032.25
Maintenance/Vehicle Operation	-	-	4,036.29	-	-	-	4,036.29
Travel	1,927.54	-	2,834.12	1,159.65	-	-	5,921.31
Postage	-	-	920.03	160.15	-	-	1,080.18
Utilities	-	-	830.62	-	-	-	830.62
Telephone	673.14	95.95	1,985.09	1,007.42	591.97	-	4,353.57
Payroll Processing	88.16	-	115.19	56.03	224.44	-	483.82
Direct Aid to Individuals	-	4,081.01	5,414.51	43,488.55	-	-	52,984.07
Materials Installed	-	-	83,157.03	-	-	-	83,157.03
Advertising/Printing/Publications	265.00	47.68	1,258.42	230.94	1,755.40	-	3,557.44
Training/Technical Assistance	69.00	-	3,895.00	-	343.02	-	4,307.02
Parent Activities	187.81	-	-	-	549.28	-	737.09
Other Operating Expenses	103.14	-	5,826.60	-	421.64	-	6,351.38
Depreciation	-	-	1,053.14	-	-	-	1,053.14
Food Banks	-	-	-	-	-	7,586.88	7,586.88
Food and Related Expenses	585.17	-	-	-	1,813.91	-	2,399.08
Non-Food Items	16.59	-	-	-	23.58	-	40.17
Computer Services	190.13	20.90	4,258.98	738.95	287.55	-	5,496.51
Total Expenses	\$ 68,527.00	\$ 6,481.54	\$ 385,208.69	\$ 92,372.52	\$ 127,500.00	\$ 7,586.88	\$ 687,676.63

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, 2016

	<u>Master</u>	<u>Holding II</u>	<u>Housing</u>	<u>Total</u>
Salaries and Wages	\$ -	\$ 59,636.59	\$ 8,119.02	\$ 67,755.61
Health and Welfare	9,136.82	320.16	4,692.52	14,149.50
Pension Expense	-	3,171.35	293.61	3,464.96
Payroll Taxes	-	12,478.02	1,591.50	14,069.52
Consultant/Professional Fees	-	-	1,267.78	1,267.78
Supplies	365.91	2,025.48	-	2,391.39
Equipment and Vehicles	-	6,711.30	194.24	6,905.54
Occupancy	-	756.00	720.00	1,476.00
Insurance	203.49	-	2,350.80	2,554.29
Maintenance/Vehicle Operation	-	84.00	-	84.00
Travel	-	82.80	-	82.80
Postage	-	203.27	-	203.27
Telephone	473.35	42.37	342.12	857.84
Payroll Processing	758.91	244.11	56.03	1,059.05
Repairs and Maintenance	-	-	202.81	202.81
Advertising/Printing/Publications	336.63	106.40	-	443.03
Memberships and Dues	250.00	525.00	-	775.00
Interest Expense	452.41	545.78	-	998.19
Direct Aid to Individuals	-	2,235.00	-	2,235.00
Food and Related Expenses	-	2,988.87	-	2,988.87
Other Operating Expenses	(3,408.66)	19,949.69	3,894.75	20,435.78
Depreciation	3,063.87	1,950.75	2,339.08	7,353.70
Computer Services	4,926.52	2,705.52	497.45	8,129.49
Total Expenses	<u>\$ 16,559.25</u>	<u>\$ 116,762.46</u>	<u>\$ 26,561.71</u>	<u>\$ 159,883.42</u>

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, 2016

Federal Grantor/ Pass-Through Grantor/ Program Title	Source Code	Federal CFDA Number	Pass-Through Grantor's Number	Program Award Amount	Total Received for Year	Cash/Accrued or (Deferred) Revenue at July 1, 2015	Receipts or Revenue Recognized	Disbursements/ Expenditures	Cash/Accrued or (Deferred) Revenue at June 30, 2016
Department of Health and Human Services (DHHS)									
Head Start	D	93.600	03CH3485/01	\$ 1,947,640.00	\$ 1,567,802.06	\$ (6,248.38)	\$ 1,574,050.44	\$ 1,574,050.44	\$ -
Head Start	D	93.600	03CH3485/02	1,947,640.00	376,382.47	-	390,967.39	390,967.39	14,584.92
PA Department of Community and Economic Development									
Community Services Block Grant	I	93.569	C000057120	739,631.00	227,425.00	67,072.37	251,548.21	251,548.21	91,195.58
Community Services Block Grant - Discretionary	I	93.569	C000057120	10,000.00	-	-	10,000.00	10,000.00	10,000.00
Low-Income Home Energy Assistance Program (LIHEAP)	I	93.568	C000055866	865,170.00	87,730.00	31,524.07	56,205.93	56,205.93	-
Low-Income Home Energy Assistance Program (LIHEAP)	I	93.568	C000061722	451,589.00	158,307.00	-	328,699.47	328,699.47	170,392.47
PA Department of Human Services									
Child Care and Development Block Grant	I	93.575	DC14-139952	999,780.00	8,621.26	8,621.26	-	-	-
Social Services Block Grant	I	93.667	DC14-139952	999,780.00	4,007.02	4,007.02	-	-	-
Social Services Block Grant	I	93.667	DC15-139952	64,673.63	64,673.63	-	64,673.63	64,673.63	-
Temporary Assistance for Needy Families (TANF)	I	93.558	DC15-139952	11,702.25	11,702.25	-	11,702.25	11,702.25	-
State Administrative Matching Grants For the Supplemental Nutrition Assistance Program (SNAP)	I	10.561	DC15-139952	553.52	553.52	-	553.52	553.52	-
					2,507,204.21	104,976.34	2,688,400.84	2,688,400.84	286,172.97
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	I	93.596	DC15-139952	242,679.33	242,679.33	-	242,679.33	242,679.33	-
Child Care and Development Block Grant	I	93.575	DC15-139952	273,258.54	246,087.46	-	273,258.54	273,258.54	27,171.08
Total CCDF Cluster					488,766.79	-	515,937.87	515,937.87	27,171.08
Total Department of Health and Human Services					2,995,971.00	104,976.34	3,204,338.71	3,204,338.71	313,344.05

* Fee-For-Service, Source Code: I - Indirect, D - Direct

The accompanying notes are an integral part of the financial statements

Northern Tier Community Action Corporation

Schedule of Expenditures of Federal Awards (continued)
For the Year Ended June 30, 2016

	Federal Grantor/ Pass-Through Grantor/ Program Title	Source Code	Federal CFDA Number	Pass-Through Grantor's Number	Program Award Amount	Total Received for Year	Cash/Accrued or (Deferred) Revenue at July 1, 2015	Receipts or Revenue Recognized	Disbursements/ Expenditures	Cash/Accrued or (Deferred) Revenue at June 30, 2016
Department of Energy (DOE)										
PA Department of Community and Economic Development										
	Weatherization Assistance for Low-Income Persons	I	81.042	C000055866	362,735.00	14,530.00	1,262.00	174,071.92	174,071.92	33,303.92
	Total Department of Energy					14,530.00	1,262.00	174,071.92	174,071.92	33,303.92
Department of Agriculture										
PA Department of Agriculture/ Cameron, Elk and Potter Counties										
Emergency Food Assistance Cluster										
	Agreement for Distribution of Donated Commodities	I	10.569	N/A	N/A	65,418.03	-	65,923.76	65,923.76	505.73
	The Emergency Food Assistance Program (Administrative Cost)	*	I	10.568	N/A	28,385.37	511.37	36,000.00	36,000.00	8,126.00
	Total Emergency Food Assistance Cluster					93,803.40	511.37	101,923.76	101,923.76	8,631.73
PA Department of Education										
	Child and Adult Care Food Program	*	I	10.558	300-12-500-00	139,621.11	-	139,621.11	139,621.11	-
County of Cameron										
	Rural Business Enterprise Grants	I	10.769	N/A	N/A	10,112.71	-	11,032.04	11,032.04	919.33
	Total Department of Agriculture					149,733.82	-	150,653.15	150,653.15	919.33
						243,537.22	511.37	252,576.91	252,576.91	9,551.06

* Fee-For-Service, Source Code: I - Indirect, D - Direct

The accompanying notes are an integral part of the financial statements

Northern Tier Community Action Corporation

Schedule of Expenditures of Federal Awards (continued)

For the Year Ended June 30, 2016

	Federal Grantor/ Pass-Through Grantor/ Program Title	Source Code	Federal CFDA Number	Pass-Through Grantor's Number	Program Award Amount	Total Received for Year	Cash/Accrued or (Deferred) Revenue at July 1, 2015	Receipts or Revenue Recognized	Disbursements/ Expenditures	Cash/Accrued or (Deferred) Revenue at June 30, 2016
Department of Housing and Urban Development										
PA Department of Community and Economic Development										
Lawrence County Community Action										
	Emergency Solutions - Veterans	I	14.231	C000060143	N/A	21,099.44	-	68,652.35	68,652.35	47,552.91
PA Housing Finance Agency										
	Housing Counseling Assistance Pgm	I	14.169	N/A	N/A	2,250.00	-	2,250.00	2,250.00	-
County of Cameron										
	Community Development Block Grant	I	14.218	N/A	N/A	25,113.21	-	27,396.24	27,396.24	2,283.03
	Home Investment Partnerships Program	I	14.239	N/A	N/A	8,696.21	-	9,486.77	9,486.77	790.56
Total Department of Housing and Urban Development						57,158.86	-	107,785.36	107,785.36	50,626.50
Federal Emergency Management Agency										
	United Way of America / Cameron County	I	97.024	32-7210-00	5,500.00	375.00	-	375.00	375.00	-
	United Way of America / Elk County	I	97.024	32-7240-00	5,500.00	1,048.50	-	1,048.50	1,048.50	-
Total Federal Emergency Management Agency						1,423.50	-	1,423.50	1,423.50	-
Total						<u>\$ 3,312,620.58</u>	<u>\$ 106,749.71</u>	<u>\$ 3,740,196.40</u>	<u>\$ 3,740,196.40</u>	<u>\$ 403,825.53</u>

* Fee-For-Service, Source Code: I - Indirect, D - Direct

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, 2016

Note 1 Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Northern Tier Community Action Corporation and is presented on the accrual basis of accounting. 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 the Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 Indirect Cost Rate

The Corporation did not elect to use the ten percent (10%) de minimis indirect cost rate for the year ended June 30, 2016.

Note 3 Amounts Passed to Subrecipients

The Corporation did not provide federal awards to subrecipients during the year ended June 30, 2016.

Note 4 Fee-for-Service Contracts

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.

Northern Tier Community Action Corporation

Notes to Schedule of Expenditures of Federal Awards (continued)

June 30, 2016

Note 5 **Child Care Information Services - Contract No. DC15-139952**

Funds received by the Corporation for the year ended June 30, 2016, from the PA Department of Human Services 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 DHS</u>
Child Care Development and Block Grant/93.575	\$ 246,087.46	\$ 273,258.54	\$ 27,171.08
Child Care Mandatory and Matching Funds of the Childcare and Development Fund/93.596	<u>242,679.33</u>	<u>242,679.33</u>	<u>0.00</u>
Total CCDF Cluster	488,766.79	515,937.87	27,171.08
State Adm., Matching Grant for the SNAP/10.561	553.52	553.52	0.00
Temporary Assistance for Needy Families/93.558	11,702.25	11,702.25	0.00
Social Services Block Grant/93.667	<u>64,673.63</u>	<u>64,673.63</u>	<u>0.00</u>
Total Federal	565,696.19	592,867.27	27,171.08
State Funds	<u>378,483.53</u>	<u>384,100.87</u>	<u>5,617.34</u>
Total Subsidized Child Day Care	<u>\$ 944,179.72</u>	<u>\$ 976,968.14</u>	<u>\$ 32,788.42</u>

Note 6 **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.

Northern Tier Community Action Corporation

Notes to Schedule of Expenditures of Federal Awards (continued)

June 30, 2016

Note 7 Reconciliation of Statement of Financial Position to Schedule of Expenditures of Federal Awards

Statement of financial position account balances at June 30, 2016:

Grants Receivable	\$ 468,663.56	
Less: Non-Federal Amount	<u>(114,474.56)</u>	354,189.00
Deferred Revenue	(162,960.85)	
Less: Non-Federal Amount	<u>(113,324.32)</u>	(49,636.53)
Total Cash/Accrued or (Deferred) Revenue at June 30, 2016, Schedule of Expenditures of Federal Awards		<u>\$ 403,825.53</u>

Note 8 Reconciliation of Expenses per Statement of Activities to Schedule of Expenditures of Federal Awards

Total Expenses per Statement of Activities	\$ 5,510,550.38
Less: Non-Federal Program Funds	(1,220,239.83)
Less: In-Kind Expenses	(545,042.50)
Less: Depreciation Expense – Federal Programs	(41,709.65)
Add: Acquisition of Fixed Assets	<u>36,638.00</u>
Total Expenses – Schedule of Expenditures of Federal Awards	<u>\$ 3,740,196.40</u>



MAUTHE, YUTZEY, GABLER & TROXELL, LLC
Certified Public Accountants

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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, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 15, 2017.

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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency (2016-1).

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*.

Northern Tier Community Action Corporation's Response to Finding

Northern Tier Community Action Corporation's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Northern Tier Community Action Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
June 15, 2017



MAUTHE, YUTZEY, GABLER & TROXELL, LLC

Certified Public Accountants

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

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 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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.

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, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2016-2. Our opinion on each major federal program is not modified with respect to these matters.

Northern Tier Community Action Corporation's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Northern Tier Community Action Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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. There were no deficiencies in internal control over compliance considered to be material weaknesses. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2016-2 to be a significant deficiency.

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

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

A handwritten signature in black ink that reads "Mauthe, Yutzey, Gabler & Troxell LLC". The script is cursive and fluid.

Mauthe, Yutzey, Gabler & Troxell, LLC
Certified Public Accountants
June 15, 2017

Northern Tier Community Action Corporation

Schedule of Findings and Questioned Costs (continued)

For the Year Ended June 30, 2016

Section I – Summary of Auditor's Results

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

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

Section II – Financial Statement Findings

Finding No. 2016-1

Condition: The Organization is not capable of preparing financial statements and accompanying notes in accordance with generally accepted accounting principles (GAAP), and lacks the skill and competency to prevent, detect and correct a misstatement.

Criteria: Controls over the preparation of financial statements and accompanying notes should ensure the Organization is capable of preparing financial statements in accordance with generally accepted accounting principles.

Effect: The Organization experienced high employee turnover in the Fiscal Department over several fiscal years; therefore, the Organization's personnel were not capable of preparing financial statements in accordance with generally accepted accounting principles and lacks the skills and competencies to prevent, detect and correct misstatements.

Identification of Repeat Finding: This is a repeat finding. See prior year finding noted as 2015-1.

Recommendation: The Organization should consider implementing controls to facilitate the financial reporting process and the preparation of financial statements in accordance with GAAP.

Views of Responsible Officials and Planned Corrective Actions: The Organization concurs with the above. However, the Organization feels this deficiency does not detract from the reliability of the financial data supporting the financial statements and notes that are prepared with the assistance of the CPA firm coupled with their ability to accept responsibility for the statements. The Fiscal Department employee issues have diminished as of this date, and we do not anticipate this issue in the current fiscal year.

Responsible Official: Shelia Guisto, Fiscal Manager.

Northern Tier Community Action Corporation

Schedule of Findings and Questioned Costs (continued)

For the Year Ended June 30, 2016

Section III – Federal Award Findings and Questioned Costs

Finding No. 2016-2

Condition: The Organization did not submit Form SF-SAC (Data Collection Form) and the Single Audit reporting package in accordance with the Single Audit Act Amendments of 1996, and the Uniform Guidance within nine months of the end of the Organization's fiscal year end.

Criteria: Controls over the reporting and submission of Form SF-SAC (Data Collection Form) and the financial reporting package should ensure the Organization is in compliance with all guidelines set forth by the Single Audit Act Amendments of 1996, and the Uniform Guidance.

Effect: Due to high employee turnover in the Fiscal Department over several fiscal years, the Organization's personnel were not able to meet the SF-SAC (Data Collection Form) and the Single Audit reporting package submission deadlines.

Identification of Repeat Finding: This is a repeat finding. See prior year finding noted as 2015-2.

Recommendation: The Organization should implement controls to ensure that the SF-SAC (Data Collection Form) and the Single Audit reporting package are filed within nine months of the end of their fiscal year in accordance with the Single Audit Act Amendments of 1996, and the Uniform Guidance.

Views of Responsible Officials and Planned Corrective Actions: The Organization concurs with the above. The Organization could not meet the SF-SAC (Data Collection Form) and the Single Audit reporting package submission deadlines due to high employee turnover in the Fiscal Department. The Organization has corrected the Fiscal Department issues and will institute a control over the reporting and submission of the Data Collection Form and the financial reporting package to ensure the Organization is in compliance with all guidelines set forth by the Single Audit Act Amendments of 1996, and the Uniform Guidance.

Responsible Official: Shelia Guisto, Fiscal Manager.



NORTHERN TIER COMMUNITY ACTION CORP.

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DAVID J. GREENE
EXECUTIVE DIRECTOR

Northern Tier Community Action Corporation Corrective Action Plan

Contact Person(s):

David J. Greene – Executive Director
Shelia Guisto – Fiscal Manager

Finding 2016-1:

Northern Tier Community Action Corporation concurs with the audit finding. However, Northern Tier Community Action Corporation feels this deficiency does not detract from the reliability of the financial data supporting the financial statements and notes that are prepared with the assistance of the CPA firm coupled with their ability to accept responsibility for the statements. The Fiscal Department employee issues have diminished as of this date, and we do not anticipate this issue in the current fiscal year.

Northern Tier Community Action Corporation will implement controls to facilitate the financial reporting process and the preparation of the financial statements in accordance with GAAP.

Northern Tier Community Action Corporation has implemented the above controls for the fiscal year ended June 30, 2017.

Northern Tier Community Action Corporation is an Equal Opportunity Employer and Provider of Services
Programs and services made possible with funding by the Community Services Block Grant
through the Department of Community and Economic Development



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DAVID J. GREENE
EXECUTIVE DIRECTOR

Northern Tier Community Action Corporation Corrective Action Plan

Contact Person(s):

David J. Greene – Executive Director
Shelia Guisto – Fiscal Manager

Finding 2016-2:

Northern Tier Community Action Corporation concurs with the audit finding. Northern Tier Community Action Corporation could not meet the SF-SAC (Data Collection Form) and Single Audit reporting package submission deadlines due to high employee turnover in the Fiscal Department. Northern Tier Community Action Corporation has corrected the Fiscal Department issues and will institute a control over the reporting and submission of the Data Collection Form and the financial reporting package to ensure the Organization is in compliance with all guidelines set forth by the Single Audit Act Amendments of 1996, and the Uniform Guidance.

Northern Tier Community Action Corporation will implement controls to ensure that the SF-SAC (Data Collection Form) and the Single Audit reporting package are filed within the nine months of the end of our fiscal year in accordance with the Single Audit Act Amendments of 1996, and the Uniform Guidance.

Northern Tier Community Action Corporation has implemented the above controls for the fiscal year ended June 30, 2017.

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DAVID J. GREENE
EXECUTIVE DIRECTOR

REPORT ON PRIOR YEAR'S AUDIT FINDINGS

Finding No. 2015-1

Condition: The Organization is not capable of preparing financial statements and accompanying notes in accordance with generally accepted accounting principles (GAAP), and lacks the skill and competency to prevent, detect and correct a misstatement.

Recommendation: The Organization should consider implementing controls to facilitate the financial reporting process and the preparation of financial statements in accordance with GAAP.

Current Status: The Organization has experienced high turnover within their Fiscal Department over several fiscal years. This issue has caused the finding within the Organization's Fiscal Department. The Fiscal Department's employee issues have diminished and remained stable as of the current fiscal year, and Management does not anticipate this issue in the audit for the period ending June 30, 2017.

Finding No. 2015-2

Condition: The Organization did not submit Form SF-SAC (Data Collection Form) and the Single Audit reporting package in accordance with the Single Audit Act Amendments of 1996, and the Office of Management and Budget Circular A-133 within nine months of the end of their audit period.

Recommendation: The Organization should implement controls to ensure that the SF-SAC (Data Collection Form) and the Single Audit reporting package are filed within nine months of the end of their audit period in accordance with the Single Audit Act Amendments of 1996, and the Office of Management and Budget Circular A-133.

Current Status: The Organization has experienced high turnover within their Fiscal Department over several fiscal years. This issue has caused the finding within the Organization's Fiscal Department. The Fiscal Department's employee issues have diminished and remained stable as of the current fiscal year, and Management does not anticipate this issue in the audit for the period ending June 30, 2017.