



# **NORTHERN TIER**

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## **COMMUNITY ACTION CORPORATION**

Emporium, Pennsylvania

DUNS: 088417589

Financial Statements

June 30, 2018

**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, 2018, 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, 2018, 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 Corporation. 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 March 19, 2019, 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 19, 2019

Northern Tier Community Action Corporation  
Statement of Financial Position  
June 30, 2018

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**Assets**

**Current Assets:**

Cash in bank	\$ 492,341.98
Prepaid expenses	96,604.37
Accounts receivable	92,859.88
Grants receivable	213,986.75
Inventory - materials	<u>112,019.21</u>

**Total Current Assets** 1,007,812.19

**NonCurrent Assets:**

Property and equipment, at cost, net of accumulated depreciation	<u>335,835.23</u>
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**Total Assets** \$ 1,343,647.42

**Liabilities and Net Assets**

**Current Liabilities:**

Accounts payable	\$ 175,477.65
Accrued salaries and fringes payable	47,607.21
Deferred revenue	169,874.15
Interest due grantors	0.57
Line of credit	<u>87,500.00</u>

**Total Current Liabilities** 480,459.58

**Net Assets:**

Unrestricted	<u>863,187.84</u>
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**Total Net Assets** 863,187.84

**Total Liabilities and Net Assets** \$ 1,343,647.42

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, 2018

**Support and Revenues:****Support:**

Grants	\$ 4,711,842.47
In-kind contributions	192,241.86
Commodities	24,090.08

**Total Support** 4,928,174.41

**Revenues:**

Program service fees	41,168.34
Rental income	72,335.00
Interest income	71.12
Program income	412,190.00

**Total Revenues** 525,764.46

**Total Support and Revenues** 5,453,938.87

**Expenses:****Program Services:**

Weatherization	622,498.88
Child Care Information Services (CCIS)	1,144,766.14
Head Start	2,222,934.45
Community Services Block Grant (CSBG)	289,420.33
The Emergency Food Assistance Program (TEFAP)/	
Child and Adult Care Food Program (CACFP)	242,022.81
Emergency Solutions - Veterans	23,432.31
Other programs	648,633.05

**Total Program Services** 5,193,707.97

**Support Services:**

Agency activities	108,924.94
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**Total Expenses** 5,302,632.91

**Change in Net Assets** 151,305.96

**Net Assets, beginning of year** 711,881.88

**Net Assets, end of year** \$ 863,187.84

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, 2018

	Program Services								
	Weatheriza- tion	CCIS	Head Start	CSBG	TEFAP/ CACFP	Emergency Solutions - Veterans	Other Programs	Agency Activities	Total
Salaries and wages	\$ 148,582.32	\$ 142,688.24	\$ 960,104.92	\$ 159,768.18	\$ 12,197.71	\$ 13,672.72	\$ 219,825.57	\$ 41,608.43	\$ 1,698,448.09
Health and welfare	55,651.63	62,750.06	297,353.69	64,529.03	3,418.62	903.25	82,315.51	8,728.82	575,650.61
Pension expense	4,470.94	5,860.72	27,141.13	8,068.96	609.89	277.90	6,886.93	1,224.85	54,321.32
Payroll taxes	23,937.15	20,473.61	156,574.81	22,493.62	2,116.14	2,358.07	37,653.33	7,196.06	272,802.79
Total salaries and related expenses	232,642.04	231,772.63	1,441,174.55	254,859.79	18,342.36	17,211.94	346,451.34	58,758.16	2,601,222.81
Commodities distributed	-	-	-	-	24,090.08	-	-	-	24,090.08
Consultant/professional fees	6,952.50	10,500.00	24,949.61	3,000.00	800.00	500.00	9,052.81	1,521.42	57,276.34
Subcontract	131,894.84	-	-	-	-	-	36,830.16	-	168,695.00
Supplies	9,866.16	144.87	115,945.10	1,376.80	-	194.78	23,315.07	2,057.39	152,900.17
Equipment and vehicles	6,847.10	-	26,083.64	5,708.04	-	-	1,659.60	600.59	40,898.97
In-kind	-	-	192,241.86	-	-	-	-	-	192,241.86
Occupancy	14,232.00	17,315.00	159,905.00	8,400.00	1,440.00	1,200.00	24,039.39	1,476.00	227,977.39
Insurance	11,392.74	4,950.00	12,967.00	2,460.17	1,931.64	980.40	8,140.42	2,210.16	45,032.53
Training/technical assistance	-	-	33,936.92	60.00	-	-	1,644.54	-	35,641.46
Maintenance/vehicle operation	4,039.87	-	6,005.88	369.35	2,020.44	-	1,053.54	3,644.47	17,143.55
Travel	95.38	2,469.28	16,771.81	955.71	-	2,225.87	4,042.55	968.49	27,529.09
Postage	-	644.00	3,872.00	23.75	-	-	713.85	144.00	5,397.60
Telephone	4,761.63	1,873.00	33,648.29	3,004.16	172.95	319.66	4,834.22	1.11	48,615.02
Payroll processing	425.43	943.73	5,147.95	364.25	57.74	72.77	514.96	368.73	7,895.56
Contracted transportation	-	-	31,625.95	-	-	-	-	-	31,625.95
Direct aid to individuals	-	-	-	-	-	-	22,605.58	2,336.55	24,942.13
Materials installed	186,608.33	-	-	-	-	-	153,070.35	-	339,678.68
Repairs and maintenance	-	-	-	-	-	-	-	1,250.00	1,250.00
Advertising/printing/publications	3,388.32	47.00	15,740.34	2,056.94	389.16	63.78	3,482.93	(3,495.68)	21,675.79
Memberships and dues	1,251.28	-	24,131.79	2,722.05	-	-	-	1,895.00	30,000.12
Parent activities	-	-	5,964.11	-	-	-	748.91	-	6,713.02
Other operating expenses	6,559.44	-	1,128.82	1,851.76	374.28	27.69	4,436.50	16,301.97	30,680.46
Depreciation	-	-	10,792.92	-	-	-	-	8,066.38	18,859.30
Interest expense	-	350.36	-	-	-	-	-	6,387.42	6,737.78
Food and related expenses	-	-	35,158.57	-	186,452.62	-	372.65	2,165.07	224,148.91
Non-food items	-	-	1,982.32	-	4,712.24	-	153.61	-	6,848.17
Computer services	1,541.82	4,936.99	23,760.02	2,207.56	1,239.30	632.42	1,510.07	2,267.71	38,095.89
Provider payments	-	868,819.28	-	-	-	-	-	-	868,819.28
<b>Total Expenses</b>	<b>\$ 622,498.88</b>	<b>\$ 1,144,766.14</b>	<b>\$ 2,222,934.45</b>	<b>\$ 289,420.33</b>	<b>\$ 242,022.81</b>	<b>\$ 23,432.31</b>	<b>\$ 648,633.05</b>	<b>\$ 108,924.94</b>	<b>\$ 5,302,632.91</b>

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, 2018

<b>Cash Flows from Operating Activities:</b>	
Increase in net assets	\$ 151,305.96
 <b>Adjustments to reconcile increase in net assets     to net cash provided by operating activities</b>	
Depreciation	18,859.30
 <b>(Increase) Decrease in Operating Assets:</b>	
Prepaid expenses	(14,594.29)
Accounts receivable	(3,076.24)
Grants receivable	41,731.06
Inventory	17,407.41
<b>Increase (Decrease) in Operating Liabilities:</b>	
Accounts payable	19,199.29
Accrued salaries and fringes payable	4,485.14
Deferred revenue	70,999.78
Interest due grantors	(1.25)
 <b>Net Cash Provided (Used) by Operating Activities</b>	<u>306,316.16</u>
 <b>Cash Flows from Financing Activities:</b>	
Acquisition of property and equipment	(145,323.68)
Principal payments on line of credit	(84,000.00)
 <b>Net Cash Provided (Used) by Financing Activities</b>	<u>(229,323.68)</u>
 <b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	76,992.48
 <b>Cash and Cash Equivalents - June 30, 2017</b>	<u>415,349.50</u>
 <b>Cash and Cash Equivalents - June 30, 2018</b>	<u>\$ 492,341.98</u>
 <b>Supplemental Disclosure:</b>	
Cash paid during the year for interest	<u>\$ 6,737.78</u>

The accompanying notes are an integral part of the financial statements

## **Northern Tier Community Action Corporation**

### **Notes to Financial Statements**

June 30, 2018

#### **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**

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Notes to Financial Statements (continued)

June 30, 2018

**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 \$112,019.21 at June 30, 2018, are stated at cost, determined by the first-in, first-out method. There were no commodity inventory items on hand at June 30, 2018.

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.

**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:

	<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 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 March 19, 2019, 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 1 - Summary of Significant Accounting Policies (continued)**

**Recent Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-2, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 842, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The guidance is effective for the fiscal years beginning after December 15, 2019.

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU make certain improvements that address many, but not all, of the identified issues about current financial report or not-for-profit entities. The standard improves the current requirements related to net asset classifications, liquidity assessment, expense reporting consistency, and methods used to present cash flows from operations. This guidance is effective for the fiscal years beginning after December 15, 2017.

The Corporation is currently evaluating the impact of the pending adoption of the new standards on the financial statements.

**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).

**Northern Tier Community Action Corporation**

Notes to Financial Statements (continued)

June 30, 2018

**Note 2 - Deposits (continued)**

Balances by depository at June 30, 2018, follow.

<b>Name of Depository/ Account Title</b>	<b>Balance per Depository</b>
<b>Northwest Savings Bank</b>	
Child Care Information Services	\$ 58,045.36
Weatherization DOE	9,161.99
Weatherization LIHEAP	58,241.36
Community Services Block Grant	29,490.92
Head Start	2,489.88
Homeless Assistance	2,847.92
Head Start Policy Council	950.72
Child and Adult Care Food Program	5,747.25
Energy Assistance	12,172.11
Holding Account II	82,377.15
Consolidated Account	20,581.08
Master Account	28,633.77
Housing Component	105,891.23
Emergency Solutions – Veterans	14,485.50
Payroll Account	1,471.83
Food Program	3,193.40
Pre-K Counts	12,060.31
Money Market Housing	12,032.19
HSSAP	5,087.65
Title II Commodities	25,909.37
EA/TEFAP Money Market	8,566.51
PHARE	<u>1,757.89</u>
	<b><u>\$ 501,195.39</u></b>

Public funds deposited at Northwest Savings Bank as of June 30, 2018, 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, 2018, 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.

**Northern Tier Community Action Corporation**

Notes to Financial Statements (continued)

June 30, 2018

**Note 3 - Grants Receivable (continued)**

Grants receivable at June 30, 2018, consist of:

<u>Program</u>	<u>Amount</u>
<b>Federal Amounts</b>	
Head Start	\$ 9,541.37
Community Services Block Grant	71,018.97
Weatherization – DOE	22,612.00
Weatherization – LIHEAP	37,841.88
TEFAP Program	9,193.86
Emergency Solutions – Veterans	1,550.00
Safe & Healthy Homes	7,539.75
PHFA	<u>150.00</u>
<b>Total Federal Amounts</b>	159,447.83
<b>Non-Federal Amounts</b>	<u>54,538.92</u>
<b>Total Receivable</b>	<u>\$ 213,986.75</u>

**Note 4 - Property and Equipment**

Property and equipment are summarized by major classifications as follows:

Land and Buildings	\$ 378,556.36
Vehicles	143,370.37
Program and Office Equipment	<u>209,258.10</u>
<b>Total</b>	731,184.83
Less: Accumulated Depreciation	<u>(395,349.60)</u>
<b>Property Net of Accumulated Depreciation</b>	<u>\$ 335,835.23</u>

Depreciation expense for the year ended June 30, 2018, totaled \$18,859.30.

During the year ending June 30, 2018, a new property at 236 W. 5<sup>th</sup> Street was purchased by the Agency. This property will be placed in service during the year ending June 30, 2019, and serve as a single family unit for a low-income person/family.

**Northern Tier Community Action Corporation**

Notes to Financial Statements (continued)

June 30, 2018

**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, 2018, consists of:

<u>Program</u>	<u>Amount</u>
Federal Amounts	\$ 0.00
Non-Federal Amounts	<u>169,874.15</u>
Total	<u>\$ 169,874.15</u>

**Note 6 - 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 5.00%. 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 \$87,500.00 as of June 30, 2018.

**Note 7 - Donated Use of Space and Service - Head Start In-Kind Contributions**

The Corporation receives donations of items and time from individuals which are invaluable to the programs and operation of the Corporation. The value of all items or volunteers' contributed time is not reflected in the accompanying financial statements, as it does not always meet the criterion for recognition in accordance with accounting principles generally accepted in the United States of America. In-kind contributions to the Corporation in the amount of \$ 192,241.86, for the year ended June 30, 2018, represents the value of in-kind items that meet this criterion and are reported in the Statement of Activities.

The Corporation receives in-kind contributions to meet the matching requirements for the grant contract that is received through the Department of Health and Human Services. In-kind contributions to meet the grant matching requirements totaled \$571,978.13 as of June 30, 2018.

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.



**Northern Tier Community Action Corporation**

Notes to Financial Statements (continued)

June 30, 2018

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**Note 7 - Donated Use of Space and Service - Head Start In-Kind Contributions (continued)**

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 \$12.00 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 8 - 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, 2018, totaled \$54,321.32.

**Note 9 - 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, 2018, totaled \$11,424.00.

As disclosed in Note 7, 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, 2018, totaled \$144,410.00.

**Northern Tier Community Action Corporation**

Notes to Financial Statements (continued)

June 30, 2018

**Note 10 - 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, 2018.

<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>(56,012.64)</u>
Property Net of Accumulated Depreciation	<u>\$ 44,847.75</u>

**Note 11 - 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, 2018, the Corporation collected \$54,750.00 from the programs utilizing the facilities. Operating expenses incurred for this same period, totaled \$35,886.01.

**Note 12 - 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*

Larry A. Gabler, CPA  
Megan R. Troxell, CPA  
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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, 2018. 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, 2018, 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 2017-2018

- 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 cursive script that reads "Mauthe, Yutzey, Gabler & Troxell LLC".

Mauthe, Yutzey, Gabler & Troxell, LLC  
Certified Public Accountants  
March 19, 2019





**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, 2018. 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 signature is written in a cursive, flowing style.

Mauthe, Yutzey, Gabler & Troxell, LLC  
Certified Public Accountants  
March 19, 2019



**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, 2018

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 16-139952	\$ -	\$ 5,816.58	\$ (5,816.58)	-100.00%	1
Child Care and Development Block Grant (CCDBG)	93.575	DC 17-139952	397,565.99	397,565.99	-	0.00%	
Social Services Block Grant (SSBG)	93.667	DC 17-139952	67,508.45	67,508.45	-	0.00%	
Child Care and Development Fund Block Grant	93.596	DC 17-139952	176,359.13	176,359.13	-	0.00%	
Temporary Aid for Needy Families (TANF)	93.558	DC 17-139952	48,413.52	48,413.52	-	0.00%	
Supplemental Nutrition Assistance Program (SNAP)	10.561	DC 17-139952	0.21	0.21	-	0.00%	
<b>Total</b>			<u>\$ 689,847.30</u>	<u>\$ 695,663.88</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, 2018

**Basis of Presentation**

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

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

Total Expenses – Statement of Functional Expenses	\$ 1,144,766.14
Less: Expenses Funded by State Monies	(454,911.28)
Interest Income Expended	<u>(7.56)</u>
Total Expenses - Schedule of Expenditures of Federal Awards	<u>\$ 689,847.30</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, 2018**

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	<b>Weatherization - LIHEAP</b>	<b>Weatherization - DOE</b>	<b>Total</b>
Salaries and wages	\$ 75,197.40	\$ 73,384.92	\$ 148,582.32
Health and welfare	28,942.48	26,709.15	55,651.63
Pension expense	2,481.53	1,989.41	4,470.94
Payroll taxes	11,358.35	12,578.80	23,937.15
Consultant/professional fees	5,512.50	1,440.00	6,952.50
Subcontract	110,095.76	21,799.08	131,894.84
Supplies	4,105.57	5,760.59	9,866.16
Equipment and vehicles	1,517.78	5,329.32	6,847.10
Occupancy	9,488.00	4,744.00	14,232.00
Insurance	5,792.43	5,600.31	11,392.74
Travel	95.38	-	95.38
Maintenance/vehicle operation	3,181.87	858.00	4,039.87
Telephone	2,752.83	2,008.80	4,761.63
Payroll processing	320.77	104.66	425.43
Materials installed	161,634.99	24,973.34	186,608.33
Advertising/printing/publications	1,976.38	1,411.94	3,388.32
Other operating expenses	6,014.24	545.20	6,559.44
Memberships and dues	1,200.00	51.28	1,251.28
Computer services	1,170.62	371.20	1,541.82
<b>Total Expenses</b>	<b>\$ 432,838.88</b>	<b>\$ 189,660.00</b>	<b>\$ 622,498.88</b>

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, 2018

	<b>CSBG</b>	<b>CSBG Discretionary</b>	<b>Total</b>
Salaries and wages	\$ 140,726.43	\$ 19,041.75	\$ 159,768.18
Health and welfare	57,066.83	7,462.20	64,529.03
Pension expense	7,116.85	952.11	8,068.96
Payroll taxes	20,450.48	2,043.14	22,493.62
Consultant/professional fees	3,000.00	-	3,000.00
Equipment and vehicles	2,536.63	3,171.41	5,708.04
Supplies	138.40	1,238.40	1,376.80
Occupancy	7,630.00	770.00	8,400.00
Insurance	2,460.17	-	2,460.17
Training/technical assistance	60.00	-	60.00
Maintenance/vehicle operation	369.35	-	369.35
Travel	401.52	554.19	955.71
Postage	23.75	-	23.75
Telephone	3,004.16	-	3,004.16
Payroll processing	329.28	34.97	364.25
Advertising/printing/publications	2,056.94	-	2,056.94
Memberships and dues	2,722.05	-	2,722.05
Other operating expenses	1,780.95	70.81	1,851.76
Computer services	1,323.62	883.94	2,207.56
<b>Total Expenses</b>	<b>\$ 253,197.41</b>	<b>\$ 36,222.92</b>	<b>\$ 289,420.33</b>

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, 2018

	HSSAP	HAP	Energy Assistance	PHARE	Pre-K Counts	Food Bank	Total
Salaries and wages	\$ 24,240.47	\$ 1,317.85	\$ 110,164.42	\$ 11,974.53	\$ 72,128.30	\$ -	\$ 219,825.57
Health and welfare	20,654.01	243.43	35,795.35	2,788.37	22,834.35	-	82,315.51
Pension expense	863.75	65.86	2,936.36	256.70	2,544.26	-	6,666.93
Payroll taxes	3,934.00	321.23	20,432.65	2,128.72	10,836.73	-	37,653.33
Consultant/professional fees	2,070.00	380.00	2,300.00	898.49	3,404.32	-	9,052.81
Subcontract	-	-	36,800.16	-	-	-	36,800.16
Supplies	11,182.10	-	2,379.21	178.35	9,575.41	-	23,315.07
Equipment and vehicles	-	-	1,659.60	-	-	-	1,659.60
Occupancy	13,500.00	360.00	8,109.39	840.00	1,200.00	-	24,009.39
Insurance	1,499.96	-	4,078.31	1,062.11	1,500.04	-	8,140.42
Maintenance/vehicle operation	750.00	-	-	-	313.54	-	1,063.54
Travel	1,762.43	-	893.36	1,386.76	-	-	4,042.55
Postage	-	-	690.00	23.85	-	-	713.85
Telephone	808.66	48.72	2,385.62	981.14	610.08	-	4,834.22
Payroll processing	72.77	-	159.77	34.85	247.57	-	514.96
Direct aid to individuals	-	3,694.01	3,229.97	15,681.60	-	-	22,605.58
Materials installed	-	-	153,070.35	-	-	-	153,070.35
Advertising/printing/publications	1,810.17	5.79	409.32	55.44	1,202.21	-	3,482.93
Training/technical assistance	1,644.54	-	-	-	-	-	1,644.54
Parent activities	386.43	-	-	-	362.48	-	748.91
Other operating expenses	-	-	4,353.56	-	82.94	-	4,436.50
Food and related expenses	22.54	-	-	-	344.84	5.27	372.65
Non-food items	5.50	-	-	-	148.11	-	153.61
Computer services	125.67	40.92	847.54	331.12	164.82	-	1,510.07
<b>Total Expenses</b>	<b>\$ 85,333.00</b>	<b>\$ 6,477.81</b>	<b>\$ 390,694.94</b>	<b>\$ 38,622.03</b>	<b>\$ 127,500.00</b>	<b>\$ 5.27</b>	<b>\$ 648,633.05</b>

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, 2018

	Master	Holding II	Housing	Total
Salaries and wages	\$ -	\$ 26,306.38	\$ 15,302.05	\$ 41,608.43
Health and welfare	1,432.14	82.77	7,213.91	8,728.82
Pension expense	-	593.11	631.74	1,224.85
Payroll taxes	(159.93)	4,811.91	2,544.08	7,196.06
Consultant/professional fees	-	-	1,521.42	1,521.42
Supplies	42.17	1,753.43	261.79	2,057.39
Equipment and vehicles	(1,312.06)	-	1,912.65	600.59
Occupancy	-	756.00	720.00	1,476.00
Insurance	-	-	2,210.16	2,210.16
Maintenance/vehicle operation	-	3,644.47	-	3,644.47
Travel	-	-	968.49	968.49
Postage	-	144.00	-	144.00
Telephone	(222.75)	-	223.86	1.11
Payroll processing	61.78	234.18	72.77	368.73
Repairs and maintenance	-	1,250.00	-	1,250.00
Advertising/printing/publications	(3,935.91)	15.25	424.98	(3,495.68)
Memberships and dues	200.00	1,695.00	-	1,895.00
Interest expense	1,180.42	5,207.00	-	6,387.42
Direct aid to individuals	-	2,336.55	-	2,336.55
Other operating expenses	75.00	12,525.82	3,701.15	16,301.97
Depreciation	3,446.71	2,280.59	2,339.08	8,066.38
Food and related expenses	-	2,165.07	-	2,165.07
Computer services	(1.44)	1,939.36	329.79	2,267.71
<b>Total Expenses</b>	<b>\$ 806.13</b>	<b>\$ 67,740.89</b>	<b>\$ 40,377.92</b>	<b>\$ 108,924.94</b>

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, 2018

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 June 30, 2017	Receipts or Revenue Recognized	Disbursements/ Expenditures	Cash/Accrued or (Deferred) Revenue at June 30, 2018
<b>Department of Health and Human Services (DHHS)</b>									
Head Start	D	93.600	03CH3485-03-01	\$ 2,001,710.00	\$ 1,606,635.20	\$ (2,813.72)	\$ 1,609,448.92	\$ 1,609,448.92	\$ -
Head Start	D	93.600	03CH3485-03-02	2,001,710.00	400,907.58	-	410,448.95	410,448.95	9,541.37
					<u>2,007,542.78</u>	<u>(2,813.72)</u>	<u>2,019,897.87</u>	<u>2,019,897.87</u>	<u>9,541.37</u>
<b>PA Department of Community and Economic Development</b>									
Community Services Block Grant	I	93.569	C000057120	1,052,131.00	189,891.00	58,649.48	131,241.52	131,241.52	-
Community Services Block Grant	I	93.569	C000066930	134,991.00	50,937.00	-	121,955.97	121,955.97	71,018.97
Community Services Block Grant - Discretionary	I	93.569	C000057120	148,057.00	57,193.00	20,970.08	36,222.92	36,222.92	-
					<u>298,021.00</u>	<u>79,619.56</u>	<u>289,420.41</u>	<u>289,420.41</u>	<u>71,018.97</u>
Low-Income Home Energy Assistance Program (LIHEAP)	I	93.568	C000061722	1,268,187.00	427,643.00	33,552.87	431,932.01	431,932.01	37,841.88
<b>PA Department of Human Services</b>									
Lawrence County Social Services, Inc.									
Safe & Healthy Homes	I	93.994	N/A	N/A	17,687.12	-	25,226.87	25,226.87	7,539.75
Temporary Assistance for Needy Families (TANF)	I	93.575	DC16-139952	246,023.78	5,266.74	5,266.74	-	-	-
Child Care and Development Block Grant	I	93.558	DC16-139952	54,266.06	549.84	549.84	-	-	-
Social Services Block Grant	I	93.667	DC17-139952	67,508.45	67,508.45	-	67,508.45	67,508.45	-
Temporary Assistance for Needy Families (TANF)	I	93.558	DC17-139952	48,413.52	48,413.52	-	48,413.52	48,413.52	-
State Administrative Matching Grants For the Supplemental Nutrition Assistance Program (SNAP)	I	10.561	DC17-139952	0.21	0.21	-	0.21	0.21	-
					<u>2,872,632.66</u>	<u>116,175.29</u>	<u>2,882,399.34</u>	<u>2,882,399.34</u>	<u>125,941.97</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	I	93.596	DC17-139952	176,359.13	176,359.13	-	176,359.13	176,359.13	-
Child Care and Development Block Grant	I	93.575	DC17-139952	397,565.99	397,565.99	-	397,565.99	397,565.99	-
Total CCDF Cluster					<u>573,925.12</u>	<u>-</u>	<u>573,925.12</u>	<u>573,925.12</u>	<u>-</u>
<b>Total Department of Health and Human Services</b>					<u>3,446,557.78</u>	<u>116,175.29</u>	<u>3,456,324.46</u>	<u>3,456,324.46</u>	<u>125,941.97</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  
Schedule of Expenditures of Federal Awards (continued)  
For the Year Ended June 30, 2018

	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 June 30, 2017	Receipts or Revenue Recognized	Disbursements/ Expenditures	Cash/Accrued or (Deferred) Revenue at June 30, 2018
<b>Department of Energy (DOE)</b>										
PA Department of Community and Economic Development										
	Weatherization Assistance for Low-Income Persons	I	81.042	C000055866	558,835.00	91,149.18	91,149.18	-	-	-
	Weatherization Assistance for Low-Income Persons	I	81.042	C000066298	399,420.00	167,048.00	-	189,660.00	189,660.00	22,612.00
<b>Total Department of Energy</b>						<b>258,197.18</b>	<b>91,149.18</b>	<b>189,660.00</b>	<b>189,660.00</b>	<b>22,612.00</b>
<b>Department of Agriculture</b>										
PA Department of Agriculture/ Cameron, Elk and Potter Counties										
Emergency Food Assistance Cluster										
32	Agreement for Distribution of Donated Commodities	I	13.569	N/A	N/A	65,082.68	-	66,080.88	66,080.88	998.20
	The Emergency Food Assistance Program (Administrative Cost)	I	13.568	N/A	N/A	35,579.92	7,700.45	36,075.13	36,075.13	8,195.66
<b>Total Emergency Food Assistance Cluster</b>						<b>100,662.60</b>	<b>7,700.45</b>	<b>102,156.01</b>	<b>102,156.01</b>	<b>9,193.86</b>
PA Department of Education										
	Child and Adult Care Food Program	I	13.558	300-12-500-00	N/A	149,174.06	-	149,174.06	149,174.06	-
County of Cameron										
	Rural Business Enterprise Grants	I	13.769	N/A	N/A	2,433.02	869.96	1,563.06	1,563.06	-
						<b>151,607.08</b>	<b>869.96</b>	<b>150,737.12</b>	<b>150,737.12</b>	<b>-</b>
<b>Total Department of Agriculture</b>						<b>252,269.68</b>	<b>8,570.41</b>	<b>252,393.13</b>	<b>252,893.13</b>	<b>9,193.86</b>

\* 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, 2018

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 June 30, 2017	Receipts or Revenue Recognized	Disbursements/ Expenditures	Cash/Accrued or (Deferred) Revenue at June 30, 2018
<b>Department of Housing and Urban Development</b>									
PA Department of Community and Economic Development									
Lawrence County Community Action Emergency Solutions - Veterans	I	14.231	N/A	N/A	35,550.00	9,760.00	27,340.00	27,340.00	1,550.00
PA Housing Finance Agency									
Housing Counseling Assistance Pgm	I	14.169	N/A	N/A	2,400.00	750.00	1,800.00	1,800.00	150.00
County of Cameron									
Community Development Block Grant	I	14.218	N/A	N/A	11,833.77	2,845.95	8,987.82	8,987.82	-
Home Investment Partnerships Program	I	14.239	N/A	N/A	3,285.20	455.78	2,829.42	2,829.42	-
<b>Total Department of Housing and Urban Development</b>					<b>53,068.97</b>	<b>13,811.73</b>	<b>40,957.24</b>	<b>40,957.24</b>	<b>1,700.00</b>
<b>Federal Emergency Management Agency</b>									
United Way of America / Cameron County	I	97.024	34-7210-00	5,500.00	1,250.00	-	1,250.00	1,250.00	-
United Way of America / Elk County	I	97.024	34-7240-00	5,500.00	1,697.00	-	1,697.00	1,697.00	-
<b>Total Federal Emergency Management Agency</b>					<b>2,947.00</b>	<b>-</b>	<b>2,947.00</b>	<b>2,947.00</b>	<b>-</b>
<b>Total</b>					<b>\$ 4,013,040.61</b>	<b>\$ 229,706.61</b>	<b>\$ 3,942,781.83</b>	<b>\$ 3,942,781.83</b>	<b>\$ 159,447.83</b>

\* 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**

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Notes to Schedule of Expenditures of Federal Awards

June 30, 2018

**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, 2018.

**Note 3      Amounts Passed to Subrecipients**

The Corporation did not provide federal awards to subrecipients during the year ended June 30, 2018.

**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, 2018

**Note 5      Child Care Information Services - Contract No. DC17-139952**

Funds received by the Corporation for the year ended June 30, 2018, 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	\$ 397,565.99	\$ 397,565.99	\$ 0.00
Child Care Mandatory and Matching Funds of the Childcare and Development Fund/93.596	<u>176,359.13</u>	<u>176,359.13</u>	<u>0.00</u>
<b>Total CCDF Cluster</b>	573,925.12	573,925.12	0.00
State Adm., Matching Grant for the SNAP/10.561	0.21	0.21	0.00
Temporary Assistance for Needy Families/93.558	48,413.52	48,413.52	0.00
Social Services Block Grant/93.667	<u>67,508.45</u>	<u>67,508.45</u>	<u>0.00</u>
<b>Total Federal</b>	689,847.30	689,847.30	0.00
State Funds	<u>408,058.12</u>	<u>454,911.28</u>	<u>46,853.16</u>
<b>Total Subsidized Child Day Care</b>	<u>\$1,097,905.42</u>	<u>\$1,144,758.58</u>	<u>\$ 46,853.16</u>

**Northern Tier Community Action Corporation**

## Notes to Schedule of Expenditures of Federal Awards (continued)

June 30, 2018

**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.

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

Statement of financial position account balances at June 30, 2018:

Grants Receivable	\$ 213,986.75	
Less: Non-Federal Amount	<u>(54,538.92)</u>	159,447.83
Deferred Revenue	(169,874.15)	
Less: Non-Federal Amount	<u>(169,874.15)</u>	0.00
Total Cash/Accrued or (Deferred) Revenue at June 30, 2018, Schedule of Expenditures of Federal Awards		<u>\$ 159,447.83</u>

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

Total Expenses per Statement of Activities	\$ 5,302,632.91
Less: Non-Federal Program Funds	(1,156,816.30)
Less: In-Kind Expenses	(192,241.86)
Less: Depreciation Expense – Federal Programs	<u>(10,792.92)</u>
Total Expenses – Schedule of Expenditures of Federal Awards	<u>\$ 3,942,781.83</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, 2018, 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 March 19, 2019.

## 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 Corporation's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 Corporation'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 19, 2019



# MAUTHE, YUTZEY, GABLER & TROXELL, LLC

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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, 2018. 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, 2018.

### **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. *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 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 weakness 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.



Mauthe, Yutzey, Gabler & Troxell, LLC  
Certified Public Accountants  
March 19, 2019



**Northern Tier Community Action Corporation**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018

**Section I – Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: unmodified opinion

Internal control over financial reporting:

- Significant deficiency or material weaknesses  
in internal control disclosed by audit? ☐ Yes ☒ None reported

Noncompliance material to financial  
statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Significant deficiency or material weaknesses  
in internal control over major programs  
disclosed by audit? ☐ Yes ☒ None reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>	<u>Amount Expended</u>
93.575/93.667/93.596		
93.558/10.561	Child Care Information Services Program	\$ 689,847.30
81.042	Head Start	2,019,897.87
	Total Tested	<u>\$ 2,709,745.17</u>
	Percentage Tested	<u>68.7 %</u>

**Northern Tier Community Action Corporation**

Schedule of Findings and Questioned Costs (continued)

For the Year Ended June 30, 2018

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Section I – Summary of Auditor's Results

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Dollar threshold used to distinguish

Between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

☐ Yes

☒ No

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Section II – Findings Related to the Financial Statements which are Required to be Reported in  
Accordance with Government Auditing Standards (GAGAS)

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None reported

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Section III – Findings and Questioned Costs for Federal Awards

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None reported

**Northern Tier Community Action Corporation**

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Schedule of Prior Year Audit Findings

For the Year Ended June 30, 2018

**Finding No. 2017-001**

**Condition:** The Organization did not timely submit the Monthly Program reporting in accordance with the requirements set forth by the grantor Agency.

**Recommendation:** The Organization should implement controls over the timely submission of the Monthly Program reporting packages to ensure the Organization is in compliance with all guidelines set forth by the grantor Agency.

**Current Status:** The Organization has corrected the Program oversight and reporting issues and has instituted a control over the adequate reporting and submission of all reporting to ensure the Organization is in compliance with all guidelines set forth by the grantor Agency.

**Finding No. 2017-002**

**Condition:** The Organization did not adequately invoice for program costs incurred in accordance with the requirements set forth by the grantor Agency.

**Recommendation:** The Organization should implement controls over adequately invoicing for actual program costs to ensure the Organization is in compliance with all guidelines set forth by the grantor Agency. The Agency should ensure that if estimation is used, the calculation meets the allowable criteria set forth within the guidelines.

**Current Status:** The Organization has corrected the Program oversight and has instituted a control over adequate invoicing procedures to ensure the Organization is in compliance with all guidelines set forth by the grantor Agency.

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