



NORTHERN TIER

COMMUNITY ACTION CORPORATION

Emporium, Pennsylvania

DUNS: 088417589

Financial Statements

June 30, 2023

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Northern Tier Community Action Corporation

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June 30, 2023

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Troxell & Associates, LLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of
Northern Tier Community Action Corporation

Report on the Audit of the Financial Statements

Opinion

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, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Northern Tier Community Action Corporation as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northern Tier Community Action Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility of Management for the Audit of 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Northern Tier Community Action Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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


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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 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 28, 2024, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Northern Tier Community Action Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northern Tier Community Action Corporation's internal control over financial reporting and compliance.



Troxell & Associates, LLC
Certified Public Accountants
March 28, 2024

Northern Tier Community Action Corporation

Statement of Financial Position

June 30, 2023

Assets**Current Assets:**

Cash in bank	\$	1,887,123.60
Prepaid expenses		54,486.96
Accounts receivable		97,707.34
Grants receivable		412,914.01
Inventory - materials		101,609.07
Work in progress		149,577.48

Total Current Assets 2,703,418.46

NonCurrent Assets:

Property and equipment (at cost)	1,262,856.04
Less accumulated depreciation	<u>(562,758.80)</u>

Total NonCurrent Assets 700,097.24

Total Assets \$ 3,403,515.70

Liabilities and Net Assets**Current Liabilities:**

Accounts payable	\$	190,570.27
Accrued salaries and fringes payable		81,460.07
Deferred revenue		1,383,204.08
Interest due grantors		0.72
Current portion of long-term debt		3,957.82

Total Current Liabilities 1,659,192.96

Long-Term Liabilities:

Long-term debt net of current portion	<u>13,332.53</u>
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Total Liabilities 1,672,525.49

Net Assets:

Without donor restrictions	<u>1,730,990.21</u>
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Total Net Assets 1,730,990.21

Total Liabilities and Net Assets \$ 3,403,515.70

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, 2023

	<u>Without Donor Restrictions</u>
Support and Revenue:	
Support:	
Grants	\$ 6,936,726.80
In-kind contributions	488,252.17
Commodities	32,477.52
Total Support	<u>7,457,456.49</u>
Revenue:	
Rental income	106,585.00
Interest income	202.92
Contributions	2,375.00
Program income	403,427.24
Gain on sale of fixed assets	4,213.20
Total Revenue	<u>516,803.36</u>
Total Support and Revenue	<u>7,974,259.85</u>
Expenses:	
Program Services:	
Weatherization Services	1,363,163.60
Head Start	3,436,972.02
Community Services (CSBG)	484,417.09
Food - Emergency Food Assistance Program (TEFAP)/ Child and Adult Care Food Program (CACFP)	317,503.63
Emergency Services - Veterans	32,921.81
Emergency Rental Assistance	960,749.31
Other programs	1,073,235.91
Total Program Services	<u>7,668,963.37</u>
Support Services:	
Agency Activities	153,065.69
Total Expenses	<u>7,822,029.06</u>
Change in Net Assets	152,230.79
Net Assets, beginning of year	<u>1,578,759.42</u>
Net Assets, end of year	<u><u>\$ 1,730,990.21</u></u>

The accompanying notes are an integral part of the financial statements

Northern Tier Community Action Corporation

Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program Services								Total
	Weatherization Services	Head Start	Community Services	Food - TEFAP/CACFP	Emergency Services Veterans	Emergency Rental Assistance	Other Programs	Agency Activities	
Salaries and wages	\$ 272,788.02	\$ 1,571,695.91	\$ 243,384.22	\$ 17,267.87	\$ 7,961.64	\$ 93,607.15	\$ 278,469.47	\$ 29,429.19	\$ 2,514,603.47
Health and welfare	86,090.52	342,926.59	59,812.45	11,508.26	14,661.68	3,281.85	76,287.76	6,549.58	601,118.69
Pension expense	8,038.89	34,858.78	7,405.37	730.85	70.44	3,397.97	6,086.83	420.59	61,009.72
Payroll taxes	40,471.67	212,190.57	31,288.55	2,475.10	1,089.51	12,490.90	39,075.62	4,765.73	343,847.65
Total salaries and related expenses	407,389.10	2,161,671.85	341,890.59	31,982.08	23,783.27	112,777.87	399,919.68	41,165.09	3,520,579.53
Commodities distributed	-	-	-	32,477.52	-	-	-	-	32,477.52
Consultant/professional fees	8,585.00	17,957.50	3,000.00	-	600.00	2,400.00	8,469.51	178.87	41,190.88
Subcontract	399,124.77	-	-	-	-	-	95,196.52	-	494,321.29
Supplies	13,497.86	242,568.48	111,507.93	-	1,508.86	3,142.59	56,566.25	9,883.54	438,675.51
Equipment and vehicles	20,798.62	-	-	1,304.70	-	1,812.43	51.12	149.99	24,116.86
In-kind	-	488,252.17	-	-	-	-	-	-	488,252.17
Occupancy	22,693.40	165,318.33	8,400.00	1,680.00	2,400.00	4,800.00	29,031.67	30,588.14	264,911.54
Insurance	18,591.16	14,744.00	2,750.00	1,277.00	1,493.88	1,257.32	7,787.50	3,349.00	51,249.86
Training/technical assistance	-	35,081.80	150.00	5.00	420.00	1,097.00	7,363.71	-	44,117.51
Maintenance/vehicle operation	23,750.96	12,846.71	781.52	1,402.13	-	-	4,179.57	-	42,960.89
Travel	393.75	16,829.19	842.13	306.25	220.01	76.25	4,546.46	-	23,214.04
Postage	-	3,671.35	718.00	-	-	-	68.00	178.00	4,635.35
Telephone	4,882.19	37,403.52	1,038.47	245.79	1,024.33	1,425.44	9,230.94	168.76	55,419.44
Payroll processing	705.28	5,605.50	364.77	122.60	295.25	297.75	749.29	90.62	8,231.06
Food banks	-	-	-	47,617.68	-	-	-	-	47,617.68
Contracted transportation	-	42,658.25	-	-	-	-	-	-	42,658.25
Direct aid to individuals	-	-	-	-	-	-	202,326.99	5,695.51	208,022.50
Materials installed	426,080.71	-	-	-	-	-	214,071.37	-	640,152.08
Repairs and maintenance	1,309.60	56,212.52	149.90	-	-	-	8,898.76	30,322.95	96,893.73
Client costs	-	-	-	-	-	828,286.87	-	-	828,286.87
Advertising/printing/publications	6,362.82	15,737.42	1,975.10	409.03	22.50	607.51	5,197.84	(2,373.97)	27,938.25
Memberships and dues	3,487.43	11,886.30	2,628.41	-	-	-	-	1,269.00	19,271.14
Parent activities	-	5,078.06	-	-	-	-	1,972.69	-	7,050.75
Other operating expenses	-	777.29	2,754.99	1.38	-	-	241.43	2,184.52	5,959.61
Depreciation	2,240.86	26,748.67	3,769.78	-	-	-	3,903.84	22,345.79	59,008.94
Interest expense	-	-	-	-	-	-	-	1,324.12	1,324.12
Food and related expenses	-	30,115.34	-	184,365.55	-	-	10,921.44	2,014.84	227,417.17
Non-food items	-	4,139.38	-	13,389.56	-	-	1,054.39	-	18,583.33
Computer services	3,270.09	41,668.39	1,695.50	917.36	1,153.71	2,768.28	1,486.94	(2,843.80)	50,116.47
Property taxes	-	-	-	-	-	-	-	7,374.72	7,374.72
Total Expenses	\$ 1,363,163.60	\$ 3,436,972.02	\$ 484,417.09	\$ 317,503.63	\$ 32,921.81	\$ 960,749.31	\$ 1,073,235.91	\$ 153,065.69	\$ 7,822,029.06

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, 2023

Cash Flows from Operating Activities:	
Increase in net assets	\$ 152,230.79
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	59,008.94
Gain on sale of fixed assets	(4,213.20)
	<hr/>
(Increase) Decrease in Operating Assets:	
Prepaid expenses	(42,521.96)
Accounts receivable	(5,978.46)
Grants receivable	178,135.77
Inventory	(15,970.96)
Work in progress	(105,908.54)
Increase (Decrease) in Operating Liabilities:	
Accounts payable	(8,983.12)
Accrued salaries and fringes payable	(2,932.32)
Deferred revenue	(810,630.34)
Interest due grantors	(0.16)
	<hr/>
Net Cash Provided (Used) by Operating Activities	<hr/> (607,763.56)
Cash Flows from Financing Activities:	
Acquisition of property and equipment	(128,479.89)
Sale of fixed assets	17,000.00
Proceeds from bank notes	106,140.81
Principal payments on bank notes	(147,019.90)
	<hr/>
Net Cash Provided (Used) by Financing Activities	<hr/> (152,358.98)
Net Increase (Decrease) in Cash and Cash Equivalents	(760,122.54)
Cash and Cash Equivalents - June 30, 2022	<hr/> 2,647,246.14
Cash and Cash Equivalents - June 30, 2023	<hr/> \$ 1,887,123.60 <hr/>
Supplemental Disclosure:	
Cash paid during the year for interest	<hr/> \$ 1,324.12 <hr/>

The accompanying notes are an integral part of the financial statements

Northern Tier Community Action Corporation

Notes to Financial Statements

June 30, 2023

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

These financial statements present the Corporation's financial position, statement of activities and cash flows reflecting the presence or absence of donor-imposed restrictions. Net assets are classified according to the nature of restrictions, as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

With donor restrictions – Net assets that are subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity. Donor-imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been restricted has been fulfilled, or both.

Contributions

Gifts of cash and other assets are presented as support with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Corporation reports gifts as without donor restrictions 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.

Northern Tier Community Action Corporation

Notes to Financial Statements (continued)

June 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Accounting

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

Fair Value of Financial Instruments

The 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 during the year are reviewed by management and specifically charged off.

Inventory

Weatherization material inventories totaling \$101,609.07 at June 30, 2023, are stated at cost, determined by the first-in, first-out method. There were no commodity inventory items on hand at June 30, 2023.

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.

Northern Tier Community Action Corporation

Notes to Financial Statements (continued)

June 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

Compensated Absences

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

Property and Equipment

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

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

	<u>Range of Lives</u>
Building and Building Improvements	40 years
Buses and Vehicles	7 - 10 years
Program and Office Equipment	7 - 10 years

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

Functional Expenses

The Corporation's expenses are charged to each program based on direct expenditures incurred along with a prorated share of common administrative costs incurred, subject to the limitations provided for in the individual contracts and award agreements.

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Northern Tier Community Action Corporation

Notes to Financial Statements (continued)

June 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

Subsequent Events

Subsequent events were evaluated through March 28, 2024, which is the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

Total Columns

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

Note 2 - Deposits

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

The Corporation's funds were deposited in checking and interest-bearing accounts with Northwest Savings Bank, Emporium, PA. Separate accounts are maintained if contract provisions require that certain funds be segregated by funding source. Deposits are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Total cash held by the Corporation at June 30, 2023, includes \$1,685,354.13 in monies that are not covered by insurance provided by the federal government.

Northern Tier Community Action Corporation

Notes to Financial Statements (continued)

June 30, 2023

Note 2 - Deposits (continued)

Balances by depository at June 30, 2023, consist of:

Name of Depository/ Account Title	Balance Per Depository
Northwest Savings Bank	
Weatherization DOE	\$ 12,813.77
Weatherization LIHEAP	17,222.71
Community Services Block Grant	33,026.73
Head Start	3,615.48
Homeless Assistance	3,020.73
Child and Adult Care Food Program	5,747.87
Energy Assistance	28,757.71
Holding Account II	75,600.93
Consolidated Account	40,975.96
Master Account	96,973.76
Housing Component	154,860.84
Emergency Solutions – Veterans	118,950.62
Payroll Account	1,492.57
Pre-K Counts	35,778.70
Money Market Housing	50,781.11
HSSAP	14,894.39
Title II Commodities	52,597.07
EA/TEFAP Money Market	8,974.21
PHARE	151,901.30
Whole Home Repairs Program	432,183.31
ERAP	<u>595,184.36</u>
	<u>\$1,935,354.13</u>

Public funds deposited at Northwest Savings Bank as of June 30, 2023, 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, 2023, Northwest Savings Bank had a \$500,000,000 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, 2023

Note 3 - Grants Receivable (continued)

Grants receivable at June 30, 2023, consist of:

<u>Program</u>	<u>Amount</u>
Federal Amounts	
Community Services Block Grant	\$ 72,023.42
Weatherization – DOE	108,576.17
Weatherization – LIHEAP	213,866.90
TEFAP Program	11,534.78
Opioid Use Disorder	<u>1,522.06</u>
Total Federal Amounts	407,523.33
Non-Federal Amounts	<u>5,390.68</u>
Total Receivable	<u>\$ 412,914.01</u>

Note 4 - Property and Equipment

Property and equipment summarized by major classifications consist of:

Land and Buildings	\$ 631,085.60
Vehicles	208,530.02
Program and Office Equipment	<u>423,240.42</u>
Total	1,262,856.04
Less: accumulated depreciation	<u>(562,758.80)</u>
Property Net of Accumulated Depreciation	<u>\$ 700,097.24</u>

Depreciation expense for the year ended June 30, 2023, totaled \$59,008.94.

Northern Tier Community Action Corporation

Notes to Financial Statements (continued)

June 30, 2023

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, 2023, consists of:

<u>Program</u>	<u>Amount</u>
Federal Amounts	
CSBG	\$ 3.91
Emergency Solutions – Veterans	108,936.06
Emergency Rental Assistance	577,498.18
Head Start	12,253.17
Weatherization - DOE	28,913.41
Whole Home Repairs Program	<u>410,513.99</u>
Total Federal Amounts	1,138,118.72
Non-Federal Amounts	<u>245,085.36</u>
Total Deferred	<u><u>\$1,383,204.08</u></u>

Note 6 – Line of Credit

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 4.75%. 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 \$0.00 as of June 30, 2023.

Note 7 – Long Term Debt

Following is a summary of changes in long-term debt, secured by vehicles, for the year ended June 30, 2023:

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance at 6/30/2022</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance at 6/30/2023</u>
Vehicle Loan	5/2024	6.51%	8,169.44	0.00	(8,169.44)	\$17,290.35
Vehicle Loan	3/2027	10.64%	0.00	18,140.81	(850.46)	\$ 17,290.35
			<u>\$ 8,169.44</u>	<u>\$ 18,140.81</u>	<u>\$ (9,019.90)</u>	<u>\$ 17,290.35</u>

Northern Tier Community Action Corporation

Notes to Financial Statements (continued)

June 30, 2023

Note 7 – Long Term Debt (continued)

Following are maturities of long-term debt for each of the next four years:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	3,957.82	1,655.06	5,612.88
2025	4,404.50	1,208.38	5,612.88
2026	4,896.68	716.20	5,612.88
2027	<u>4,031.35</u>	<u>178.31</u>	<u>4,209.66</u>
Total	<u>\$ 17,290.35</u>	<u>\$ 3,757.95</u>	<u>\$ 21,048.30</u>

Note 8 - 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 \$488,252.17 for the year ended June 30, 2023, 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 \$936,428.08 as of June 30, 2023.

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 \$13.00 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.

Northern Tier Community Action Corporation

Notes to Financial Statements (continued)

June 30, 2023

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, 2023, totaled \$61,009.72.

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, 2023, totaled \$9,156.00.

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, 2023, totaled \$149,343.33.

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, 2023.

<u>Location of Property</u>	<u>Cost</u>
106 West 7th Street Emporium, PA	\$ 97,315.42
121-123 West 6th Street Emporium, PA	187,159.69
ECHO Building Emporium, PA	<u>98,438.32</u>
	382,913.43
Less: accumulated depreciation	<u>(76,967.40)</u>
Property Net of Accumulated Depreciation	<u>\$ 305,946.03</u>

Northern Tier Community Action Corporation

Notes to Financial Statements (continued)

June 30, 2023

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, 2023, the Corporation collected \$59,475.00 from the programs utilizing the facilities. Operating expenses incurred for this same period, totaled \$55,952.57.

Note 13 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2023, are \$1,014,540.87.

The Corporation manages its liquidity following three principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve these targets, the Corporation forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually.

The Corporation maintains a \$200,000 line of credit discussed in Note 6. As of June 30, 2023, \$200,000 remained available.

Note 14 - 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

Northern Tier Community Action Corporation

Schedule of Emergency Rental Assistance Program Expenses
For the Year Ended June 30, 2023

	<u>ERAP - Elk County</u>	<u>ERAP - Cameron County</u>	<u>Total</u>
Salaries and wages	\$ 89,095.76	\$ 4,511.39	\$ 93,607.15
Health and welfare	2,862.64	419.21	3,281.85
Pension expense	3,232.05	165.92	3,397.97
Payroll taxes	11,952.61	538.29	12,490.90
Consultant/professional fees	2,400.00	-	2,400.00
Supplies	3,070.16	72.43	3,142.59
Equipment and vehicles	1,812.43	-	1,812.43
Occupancy	4,176.00	624.00	4,800.00
Insurance	1,093.88	163.44	1,257.32
Training/technical assistance	1,097.00	-	1,097.00
Travel	76.25	-	76.25
Telephone	1,185.60	239.84	1,425.44
Payroll processing	297.75	-	297.75
Client costs	678,113.01	150,173.86	828,286.87
Advertising/printing/publications	528.55	78.96	607.51
Computer services	2,409.20	359.08	2,768.28
	<u> </u>	<u> </u>	<u> </u>
Total Expenses	<u><u>\$ 803,402.89</u></u>	<u><u>\$ 157,346.42</u></u>	<u><u>\$ 960,749.31</u></u>

The accompanying notes are an integral part of the financial statements

Northern Tier Community Action Corporation

Schedule of Expenses - Other Programs

For the Year Ended June 30, 2023

	<u>HSSAP</u>	<u>HAP</u>	<u>Energy Assistance</u>	<u>PHARE</u>	<u>Pre-K Counts</u>	<u>OUD</u>	<u>WHRP</u>	<u>Total</u>
Salaries and wages	\$ 40,688.88	\$ 1,432.97	\$ 34,347.37	\$ 26,635.80	\$ 149,187.27	\$ 19,791.30	\$ 6,385.88	\$ 278,469.47
Health and welfare	6,018.37	312.94	4,257.59	3,209.32	58,615.37	2,896.56	977.61	76,287.76
Pension expense	697.00	71.65	424.81	470.43	3,794.48	628.46	-	6,086.83
Payroll taxes	5,386.12	303.83	6,990.14	3,333.78	19,525.75	2,750.03	785.97	39,075.62
Consultant/professional fees	2,920.18	380.00	-	775.00	3,364.33	1,000.00	30.00	8,469.51
Subcontract	-	-	74,681.52	-	-	-	20,515.00	95,196.52
Supplies	29,941.65	-	271.58	1,194.16	25,136.12	-	22.74	56,566.25
Equipment and vehicles	-	-	51.12	-	-	-	-	51.12
Occupancy	14,091.67	360.00	-	2,280.00	7,200.00	5,100.00	-	29,031.67
Insurance	1,750.00	-	-	1,537.50	4,200.00	300.00	-	7,787.50
Training/technical assistance	4,438.82	-	-	-	2,924.89	-	-	7,363.71
Maintenance/vehicle operation	-	-	4,179.57	-	-	-	-	4,179.57
Travel	1,967.48	-	146.25	717.15	80.91	1,171.58	463.09	4,546.46
Postage	-	-	-	-	-	-	68.00	68.00
Telephone	1,203.30	52.89	42.89	1,751.10	4,560.76	1,620.00	-	9,230.94
Payroll processing	93.19	-	46.53	83.21	480.87	-	45.49	749.29
Direct aid to individuals	-	3,500.63	-	35,199.00	-	163,627.36	-	202,326.99
Materials installed	-	-	185,646.37	-	-	-	28,425.00	214,071.37
Repairs and maintenance	3,486.99	-	-	-	5,411.77	-	-	8,898.76
Advertising/printing/publications	3,193.15	1.90	6.20	47.86	1,860.73	88.00	-	5,197.84
Parent activities	233.12	-	-	-	1,739.57	-	-	1,972.69
Other operating expenses	156.57	10.00	-	-	74.86	-	-	241.43
Depreciation	-	-	-	3,903.84	-	-	-	3,903.84
Food and related expenses	133.51	-	-	-	10,787.93	-	-	10,921.44
Non-food items	-	-	-	-	1,054.39	-	-	1,054.39
Computer services	-	50.37	13.24	769.16	-	600.00	54.17	1,486.94
Total Expenses	<u>\$ 116,400.00</u>	<u>\$ 6,477.18</u>	<u>\$ 311,105.18</u>	<u>\$ 81,907.31</u>	<u>\$ 300,000.00</u>	<u>\$ 199,573.29</u>	<u>\$ 57,772.95</u>	<u>\$ 1,073,235.91</u>

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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, 2023

	<u>Master</u>	<u>Holding II</u>	<u>Housing</u>	<u>Total</u>
Salaries and wages	\$ -	\$ 19,482.40	\$ 9,946.79	\$ 29,429.19
Health and welfare	-	-	6,549.58	6,549.58
Pension expense	-	147.65	272.94	420.59
Payroll taxes	-	3,317.35	1,448.38	4,765.73
Consultant/professional fees	169.62	25.25	(16.00)	178.87
Supplies	539.91	9,032.15	311.48	9,883.54
Equipment and vehicles	-	149.99	-	149.99
Occupancy	-	19,070.46	11,517.68	30,588.14
Insurance	-	-	3,349.00	3,349.00
Postage	-	178.00	-	178.00
Telephone	(129.92)	-	298.68	168.76
Payroll processing	(146.48)	237.10	-	90.62
Direct aid to individuals	-	5,695.51	-	5,695.51
Repairs and maintenance	-	25,014.58	5,308.37	30,322.95
Advertising/printing/publications	(2,987.18)	485.00	128.21	(2,373.97)
Memberships and dues	-	1,269.00	-	1,269.00
Other operating expenses	(0.05)	1,734.57	450.00	2,184.52
Depreciation	10,410.91	7,453.59	4,481.29	22,345.79
Interest expense	951.08	373.04	-	1,324.12
Food and related expenses	-	2,014.84	-	2,014.84
Computer services	-	(3,102.88)	259.08	(2,843.80)
Property taxes	-	-	7,374.72	7,374.72
Total Expenses	<u>\$ 8,807.89</u>	<u>\$ 92,577.60</u>	<u>\$ 51,680.20</u>	<u>\$ 153,065.69</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, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Source Code	Federal AL Number	Pass-Through Grantor's Number	Program Award Amount	Total Received for Year	Cash/Accrued or (Deferred) Revenue at June 30, 2022	Receipts or Revenue Recognized	Disbursements/ Expenditures	Cash/Accrued or (Deferred) Revenue at June 30, 2023
Department of Health and Human Services (DHHS)									
Head Start	D	93.600	03CH011426-03-02	2,704,909.00	\$ 2,236,771.46	\$ 11,660.52	\$ 2,225,110.94	\$ 2,225,110.94	\$ -
Head Start	D	93.600	03CH011426-04-01	2,704,909.00	520,874.47	-	508,621.30	508,621.30	(12,253.17)
COVID-19 - Head Start	D	93.600	03CHE00071001-C6	285,964.00	188,236.08	-	188,236.08	188,236.08	-
					<u>2,945,882.01</u>	<u>11,660.52</u>	<u>2,921,968.32</u>	<u>2,921,968.32</u>	<u>(12,253.17)</u>
PA Department of Community and Economic Development									
Community Services Block Grant	I	93.569	C000066930	1,000,000.00	72,600.82	72,600.82	-	-	-
Community Services Block Grant	I	93.569	C000082088	500,000.00	299,359.18	43,835.00	327,543.69	327,543.69	72,019.51
Community Services Block Grant - Discretionary	I	93.569	C000066930	94,305.00	15,000.00	14,000.00	1,000.00	1,000.00	-
COVID-19 - Community Services Block Grant	I	93.569	C000066930	328,493.00	241,570.00	74,968.00	166,602.00	166,602.00	-
					<u>628,530.00</u>	<u>205,403.82</u>	<u>495,145.69</u>	<u>495,145.69</u>	<u>72,019.51</u>
Low-Income Home Energy Assistance Program (LIHEAP)	I	93.568	C000073873	2,401,358.00	973,843.00	115,616.99	1,072,092.91	1,072,092.91	213,866.90
					<u>973,843.00</u>	<u>115,616.99</u>	<u>1,072,092.91</u>	<u>1,072,092.91</u>	<u>213,866.90</u>
PA Department of Human Services									
Opioid Use Disorder	I	93.788	4100083244	N/A	209,401.87	11,350.64	199,573.29	199,573.29	1,522.06
Total Department of Health and Human Services					<u>4,757,656.88</u>	<u>344,031.97</u>	<u>4,688,780.21</u>	<u>4,688,780.21</u>	<u>275,155.30</u>
Department of Energy (DOE)									
PA Department of Community and Economic Development									
Weatherization Assistance for Low-Income Persons	I	81.042	C000066298	1,199,006.00	119,932.60	119,932.60	-	-	-
Weatherization Assistance for Low-Income Persons	I	81.042	C000082837	256,268.00	209,160.00	-	288,822.76	288,822.76	79,662.76
Total Department of Energy					<u>329,092.60</u>	<u>119,932.60</u>	<u>288,822.76</u>	<u>288,822.76</u>	<u>79,662.76</u>

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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, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Source Code	Federal AL Number	Pass-Through Grantor's Number	Program Award Amount	Total Received for Year	Cash/Accrued or (Deferred) Revenue at June 30, 2022	Receipts or Revenue Recognized	Disbursements/ Expenditures	Cash/Accrued or (Deferred) Revenue at June 30, 2023
Department of Agriculture									
PA Department of Agriculture/ Cameron, Elk and Potter Counties									
Emergency Food Assistance Cluster									
Agreement for Distribution of Donated Commodities The Emergency Food Assistance Program (Administrative Cost) *	I	10.569	N/A	N/A	80,095.25	-	80,095.23	80,095.23	-
	I	10.568	N/A	N/A	40,184.11	12,072.03	39,646.86	39,646.86	11,534.78
Total Emergency Food Assistance Cluster					<u>120,279.36</u>	<u>12,072.03</u>	<u>119,742.09</u>	<u>119,742.09</u>	<u>11,534.78</u>
PA Department of Education									
Child and Adult Care Food Program *	I	10.558	300-12-500-00	N/A	197,755.11	-	197,755.11	197,755.11	-
					<u>197,755.11</u>	<u>-</u>	<u>197,755.11</u>	<u>197,755.11</u>	<u>-</u>
Total Department of Agriculture					<u>318,034.47</u>	<u>12,072.03</u>	<u>317,497.20</u>	<u>317,497.20</u>	<u>11,534.78</u>
Department of Housing and Urban Development									
PA Department of Community and Economic Development									
Lawrence County Community Action Emergency Solutions - Veterans	I	14.231	N/A	N/A	93,609.00	(47,555.12)	32,228.06	32,228.06	(108,936.06)
Total Department of Housing and Urban Development					<u>93,609.00</u>	<u>(47,555.12)</u>	<u>32,228.06</u>	<u>32,228.06</u>	<u>(108,936.06)</u>
Federal Emergency Management Agency									
United Way of America / Cameron County COVID-19 - United Way of America - Cameron Cty	I	97.024	7210-00	3,000.00	3,000.00	-	3,000.00	3,000.00	-
United Way of America / Elk County COVID-19 - United Way of America - Elk Cty	I	97.024	7240-00	500.00	500.00	-	500.00	500.00	-
	I	97.024	7240-00	500.00	500.00	-	500.00	500.00	-
Total Federal Emergency Management Agency					<u>7,000.00</u>	<u>-</u>	<u>7,000.00</u>	<u>7,000.00</u>	<u>-</u>

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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, 2022

Federal Grantor/ Pass-Through Grantor/ Program Title	Source Code	Federal AL Number	Pass-Through Grantor's Number	Program Award Amount	Total Received for Year	Cash/Accrued or (Deferred) Revenue at June 30, 2022	Receipts or Revenue Recognized	Disbursements/ Expenditures	Cash/Accrued or (Deferred) Revenue at June 30, 2023
Department of Treasury									
PA Department of Human Services									
Elk County Commissioners COVID - 19 - Emergency Rental Assistance	I	21.023	N/A	1,635,165.41	(209,298.82)	(1,583,573.78)	803,725.79	803,725.79	(570,549.17)
Cameron County Commissioners COVID - 19 - Emergency Rental Assistance	I	21.023	N/A	251,171.61	-	(164,278.38)	157,329.37	157,329.37	(6,949.01)
PA Department of Community Development									
COVID - 19 - Whole Home Repairs Program (Elk)	I	21.027	C000084499	268,276.00	268,276.00	-	49,022.38	49,022.38	(219,253.62)
COVID - 19 - Whole Home Repairs Program (Potter)	I	21.027	C000054802	200,000.00	<u>200,000.00</u>	<u>-</u>	<u>8,739.63</u>	<u>8,739.63</u>	<u>(191,260.37)</u>
Total Department of Treasury					<u>258,977.18</u>	<u>(1,747,852.16)</u>	<u>1,018,817.17</u>	<u>1,018,817.17</u>	<u>(988,012.17)</u>
Total					<u>\$ 5,764,370.13</u>	<u>\$ (1,319,370.68)</u>	<u>\$ 6,353,145.40</u>	<u>\$ 6,353,145.40</u>	<u>\$ (730,595.39)</u>

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

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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, 2023

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 – Summary of Significant Accounting Policies

Expenditures reported on the accompanying schedule of expenditures of federal awards are reported in accordance with generally accepted accounting principles. (GAAP)

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, 2023.

Amounts Passed to Subrecipients

The Corporation did not provide federal awards to subrecipients during the year ended June 30, 2023.

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.

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, 2023

Note 3 - Reconciliation of Statement of Financial Position to Schedule of Expenditures of Federal Awards

Statement of financial position account balances at June 30, 2023:

Grants Receivable	\$ 412,914.01	
Less: Non-Federal Amount	<u>(5,390.68)</u>	407,523.33
Deferred Revenue	(1,383,204.08)	
Less: Non-Federal Amount	<u>245,085.36</u>	(1,138,118.72)
Total Cash/Accrued or (Deferred) Revenue at June 30, 2023, Schedule of Expenditures of Federal Awards		<u>\$ (730,595.39)</u>

Note 4 - Reconciliation of Expenses per Statement of Activities to Schedule of Expenditures of Federal Awards

Total Expenses per Statement of Activities	\$7,822,029.06
Less: Non-Federal Program Funds	(947,872.18)
Less: In-Kind Expenses	(488,252.17)
Less: Depreciation Expense – Federal Programs	<u>(32,759.31)</u>
Total Expenses – Schedule of Expenditures of Federal Awards	<u>\$6,353,145.40</u>



Troxell & Associates, LLC

Certified Public Accountants

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

To the Members of the Board of
Northern Tier Community Action Corporation

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, 2023, 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 28, 2024.

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) as a basis for designing 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 Northern Tier Community Action 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.

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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.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Troxell & Associates, LLC
Certified Public Accountants
March 28, 2024



Troxell & Associates, LLC

Certified Public Accountants

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

To the Members of the Board of
Northern Tier Community Action Corporation

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Northern Tier Community Action Corporation's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Northern Tier Community Action Corporation's major federal programs for the year ended June 30, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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Requirements of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Northern Tier Community Action Corporation's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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



Troxell & Associates, LLC
Certified Public Accountants
March 28, 2024

Northern Tier Community Action Corporation

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial statement audited was prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified ___Yes XNo
- Significant deficiency(ies) identified ___Yes XNone reported

Noncompliance material to financial statements noted?

___Yes XNo

Federal Awards

Internal control over major programs:

- Material weakness(es) identified ___Yes XNo
- Significant deficiency(ies) identified ___Yes XNone reported

Type of auditor’s report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?

___Yes XNo

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>	<u>Amount Expended</u>
21.023	Emergency Rental Assistance	\$ 961,055.16
93.600	Head Start	<u>2,921,968.32</u>
	Total Tested	<u>\$ 3,883,023.48</u>
	Percentage Tested	<u>61%</u>

Northern Tier Community Action Corporation

Schedule of Findings and Questioned Costs (continued)

For the Year Ended June 30, 2023

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

None reported

Section III – Findings and Questioned Costs for Federal Awards

None reported

Northern Tier Community Action Corporation

Schedule of Prior Year Audit Findings

For the Year Ended June 30, 2023

No prior audit findings reported

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