

# CENTER FOR COMMUNITY ACTION

## FINANCIAL AND COMPLIANCE REPORTS June 30, 2019 and 2018



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

*Analyzing Yesterday. Adjusting Today. Planning Tomorrow.*

**CENTER FOR COMMUNITY ACTION**

**FINANCIAL AND COMPLIANCE REPORT**

**June 30, 2019 and 2018**

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**SECTION I**  
**FINANCIAL STATEMENTS**



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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

To the Board of Directors  
Center for Community Action  
Everett, Pennsylvania

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Center for Community Action (a nonprofit organization) which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 audits 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 the Center for Community Action as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

### *Supplementary Information*

Our audit was conducted for the purpose of forming our opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and related notes as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the supplementary information as listed in the table of contents as required by the Pennsylvania Department of Human Services, are presented for purposes of additional analysis and are 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* and the Audit Requirements of the Pennsylvania Department of Human Services**

In accordance with *Government Auditing Standards* and the audit requirements of the Pennsylvania Department of Human Services, we have also issued a report dated June 11, 2020, on our consideration of the Center for Community Action's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the audit requirements of the Pennsylvania Department of Human Services in considering Center for Community Action's internal control over financial reporting and compliance.

*Barnes Daly & Company, P.C.*

Johnstown, Pennsylvania  
June 11, 2020

**CENTER FOR COMMUNITY ACTION**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<i>Assets</i>		
Current Assets:		
Cash	\$ 1,345,690	\$ 450,449
Grants and contracts receivable	861,502	447,324
Other receivables	781	8,040
Inventories	36,032	21,014
Prepaid expenses	53,166	36,456
Total current assets	2,297,171	963,283
 Funded Reserve:		
Reserve account	22,249	14,241
 Property and equipment, net of accumulated depreciation	<u>1,697,073</u>	<u>1,735,564</u>
Total assets	<u><u>\$ 4,016,493</u></u>	<u><u>\$ 2,713,088</u></u>
 <i>Liabilities and Net Assets</i>		
Current Liabilities:		
Accounts payable	\$ 1,219,958	\$ 259,827
Line of credit payable	60,000	80,000
Current portion of long-term debt	49,195	46,987
Accrued expenses	229,910	137,471
Deferred grant revenue	147,709	26,001
Refundable advances	159,943	61,473
Other current liabilities	7,602	8,465
Total current liabilities	1,874,317	620,224
 Long-term Liabilities:		
Long-term debt, net of current portion	<u>1,553,475</u>	<u>1,602,701</u>
Total long-term liabilities	<u>1,553,475</u>	<u>1,602,701</u>
 Total liabilities	3,427,792	2,222,925
 Net Assets:		
Without donor restrictions	<u>588,701</u>	<u>490,163</u>
Total liabilities and net assets	<u><u>\$ 4,016,493</u></u>	<u><u>\$ 2,713,088</u></u>

See notes to financial statements.

# CENTER FOR COMMUNITY ACTION

## STATEMENTS OF ACTIVITIES Years Ended June 30, 2019 and 2018

	2019	2018
<i>Net Assets Without Donor Restrictions:</i>		
Revenues:		
Grants:		
Federal	\$ 12,870,241	\$ 4,067,956
State	4,875,666	1,104,657
Local	30,613	10,000
Contributions	90,398	37,323
Rental	96,048	104,725
Fee income - services	962,339	777,708
Interest	2,554	1,317
Total revenues	18,927,859	6,103,686
Expenses:		
Program services:		
Housing options	2,659,479	2,491,581
Self-sufficiency	487,634	270,709
Employment	12,091,727	1,496,654
Education	1,534	2,059
Nutrition	220,893	233,264
Income management	2,845	20,077
Emergency services	88,750	57,185
Linkages	1,226,398	910,381
Fiscal support services	23,805	37,854
Total program services	16,803,065	5,519,764
Support services:		
General & occupancy	150,930	145,406
Administration	1,875,326	639,271
Total support services	2,026,256	784,677
Total expenses	18,829,321	6,304,441
Change in net assets	98,538	(200,755)
Net assets, beginning of year	490,163	690,918
Net assets, end of year	\$ 588,701	\$ 490,163

See notes to financial statements.

**CENTER FOR COMMUNITY ACTION**

**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2019

	Program Services										Support Services			Total
	Housing Options	Self-Sufficiency	Employment	Education	Nutrition	Income Management	Emergency Services	Linkages	Fiscal Support Services	Program Services	General & Occupancy	Administration	Support Services	
Salaries	\$ 438,481	\$ 59,831	\$ 455,495	\$ -	\$ -	\$ -	\$ 13,031	\$ 370,416	\$ 14,920	\$ 1,352,174	\$ 776	\$ 736,950	\$ 737,726	\$ 2,089,900
Fringe benefits	155,590	15,707	181,676	-	-	-	3,615	113,990	6,328	476,906	129	271,164	271,293	748,199
Total personnel costs	594,071	75,538	637,171	-	-	-	16,646	484,406	21,248	1,829,080	905	1,008,114	1,009,019	2,838,099
Acquisitions	-	-	-	-	-	-	-	29,795	-	29,795	-	-	-	29,795
Advertisement	468	-	438	-	-	-	-	20,130	-	21,036	-	1,590	1,590	22,626
Computer & software services	21,113	1,248	29,603	-	-	-	472	32,031	-	84,467	-	65,144	65,144	149,611
Depreciation	7,703	-	-	-	-	-	-	-	-	7,703	47,799	-	47,799	55,502
Environmental assessment	11,537	-	-	-	-	-	-	-	-	11,537	-	-	-	11,537
Equipment & tools	26,061	834	7,814	-	-	-	4	58,261	40	93,014	-	13,839	13,839	106,853
Insurance	16,870	321	8,418	-	-	-	138	6,991	-	32,738	-	16,540	16,540	49,278
Interest	-	-	-	-	-	-	-	-	-	-	67,301	10,973	78,274	78,274
Miscellaneous	2,981	-	200	-	-	-	-	-	-	3,181	-	393	393	3,574
Occupancy	34,874	1,079	53,818	-	9,200	-	516	10,148	310	109,945	20,380	32,363	52,743	162,688
Office supplies	19,273	3,667	23,620	139	2,295	2,845	476	42,550	758	95,623	1,071	55,300	56,371	151,994
Payments to subcontractors/others:														
Weatherization contractors	1,566,755	-	-	-	-	-	-	-	-	1,566,755	926	-	926	1,567,681
Rehab contractors	277,177	-	-	-	-	-	-	-	-	277,177	-	-	-	277,177
Daycare service providers	-	-	11,084,972	-	-	-	-	-	-	11,084,972	-	-	-	11,084,972
Transportation providers	-	-	-	-	-	-	-	372,370	-	372,370	-	-	-	372,370
Food banks	-	-	-	-	208,338	-	-	-	-	208,338	-	-	-	208,338
Housing/Shelter services	-	363,229	-	-	-	-	69,388	36,475	-	469,092	-	-	-	469,092
Other services	15,023	35,185	190,883	-	-	-	-	25,561	-	266,652	-	592,930	592,930	859,582
Professional services	4,985	30	6,197	1,395	-	-	-	35,770	-	48,377	5,183	25,691	30,874	79,251
Repairs & maintenance	21,368	5,183	2,705	-	980	-	346	7,604	497	37,055	7,301	8,953	16,254	53,309
Staff training & development	2,808	711	2,705	-	-	-	295	14,797	325	21,641	-	5,712	5,712	27,353
Telephone & internet	12,691	848	20,045	-	-	-	317	13,511	346	47,758	-	17,567	17,567	65,325
Travel	597	2,740	20,068	-	79	-	91	33,019	18	56,612	-	11,625	11,625	68,237
Vehicle expense	23,124	1,127	592	-	1	-	61	2,979	263	28,147	64	8,592	8,656	36,803
Total operating expenses	2,065,408	412,096	11,454,556	1,534	220,893	2,845	72,104	741,992	2,557	14,973,985	150,025	867,212	1,017,237	15,991,222
Total expenditures	\$ 2,659,479	\$ 487,634	\$ 12,091,727	\$ 1,534	\$ 220,893	\$ 2,845	\$ 88,750	\$ 1,226,398	\$ 23,805	\$ 16,803,065	\$ 150,930	\$ 1,875,326	\$ 2,026,256	\$ 18,829,371

See notes to financial statements.



CENTER FOR COMMUNITY ACTION

STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended June 30, 2018

	Program Services										Support Services		
	Housing Options	Self-Sufficiency	Employment	Education	Nutrition	Income Management	Emergency Services	Linkages	Fiscal Support Services	Program Services	General & Occupancy	Administration	Total Support Services
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Salaries	469,606	25,926	243,322	-	-	11,261	12,985	250,870	23,340	1,037,310	-	361,136	361,136
Fringe benefits	166,779	8,207	101,903	-	-	6,112	4,491	83,483	9,604	380,579	-	132,886	132,886
Total personnel costs	636,385	34,133	345,225	-	-	17,373	17,476	334,353	32,944	1,417,889	-	494,022	494,022
Advertisement	20	1	1,014	-	-	-	1	6,921	-	7,957	-	3,526	3,526
Computer & software services	26,529	2,044	6,261	-	-	-	499	23,127	6	58,466	-	21,491	21,491
Depreciation	8,356	-	-	-	-	-	-	8,356	-	8,356	45,750	-	45,750
Environmental assessment	13,953	-	-	-	-	-	-	13,953	-	13,953	-	-	-
Equipment & tools	8,558	17	547	-	-	-	6	16,549	-	25,677	32	11,912	11,944
Insurance	27,519	758	3,117	-	-	-	357	7,707	-	39,458	-	12,824	12,824
Interest	-	-	-	-	-	-	-	-	-	-	69,090	10,510	79,600
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	1,155	1,155
Occupancy	42,877	933	13,141	-	-	-	320	12,817	647	70,735	18,974	13,782	32,756
Office supplies	18,643	1,671	6,294	126	94	2,309	299	45,242	1,075	75,753	612	25,559	26,171
Payments to subcontractors/others:													
Weatherization contractors	1,315,367	-	-	-	-	-	-	-	-	1,315,367	-	-	-
Rehab contractors	309,998	-	-	-	-	-	-	-	-	309,998	-	-	-
Daycare service providers	-	-	1,055,910	-	-	-	-	-	-	1,055,910	-	-	-
Transportation providers	-	-	-	-	-	-	-	386,958	-	386,958	-	-	-
Food banks	-	-	-	-	232,878	-	-	-	-	232,878	-	-	-
Housing/Shelter services	-	211,822	-	-	-	-	37,763	-	-	249,585	-	-	-
Other services	9,888	16,525	30,680	904	-	-	-	10,460	-	68,457	-	670	670
Professional services	6,218	24	1,403	-	-	-	-	3,443	-	11,088	-	8,722	8,722
Repairs & maintenance	15,555	295	2,255	-	216	-	106	7,125	1,031	26,583	10,948	6,226	17,174
Staff training & development	(1,680)	18	2,170	800	50	-	2	13,927	510	15,797	-	4,488	4,488
Telephone & internet	14,827	507	12,334	-	-	-	243	9,829	136	37,876	-	12,271	12,271
Travel	1,174	1,687	16,181	229	-	395	42	28,304	858	48,870	-	3,435	3,435
Vehicle expense	37,594	274	122	-	26	-	71	3,619	647	42,153	-	8,678	8,678
Total operating expenses	1,855,196	236,576	1,151,429	2,059	233,264	2,704	39,709	576,028	4,910	4,101,875	145,406	145,249	290,655
Total expenditures	\$ 2,491,581	\$ 270,709	\$ 1,496,654	\$ 2,059	\$ 233,264	\$ 20,077	\$ 57,185	\$ 910,381	\$ 37,854	\$ 5,519,764	\$ 145,406	\$ 639,271	\$ 784,677
													\$ 6,304,441

# CENTER FOR COMMUNITY ACTION

## STATEMENTS OF CASH FLOWS

Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 98,538	\$ (200,755)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	55,502	54,106
(Increase) Decrease in:		
Grants and other receivable	(406,919)	176,331
Inventories	(15,018)	(297)
Prepaid expenses	(16,710)	(3,255)
Reserve account	(8,008)	54,750
Increase (Decrease) in:		
Accounts payable	960,131	(80,150)
Accrued expenses	92,439	(18,520)
Deferred grant revenue	121,708	5,039
Refundable advances	98,470	9,521
Other current liabilities	(863)	(2,006)
Net cash provided by (used in) operating activities	<u>979,270</u>	<u>(5,236)</u>
Cash flows from investing activities:		
Acquisition of fixed assets	(17,011)	(48,101)
Net cash (used in) investing activities	<u>(17,011)</u>	<u>(48,101)</u>
Cash flows from financing activities:		
Line of credit advances	-	65,000
Line of credit payments	(20,000)	(45,000)
Repayments of long-term debt	(47,018)	(44,796)
Net cash (used in) financing activities	<u>(67,018)</u>	<u>(24,796)</u>
Net increase (decrease) in cash	895,241	(78,133)
Cash, beginning of year	<u>450,449</u>	<u>528,582</u>
Cash, end of year	<u>\$ 1,345,690</u>	<u>\$ 450,449</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 78,274</u>	<u>\$ 79,600</u>

See notes to financial statements.

## CENTER FOR COMMUNITY ACTION

### NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

#### Note 1: Significant Accounting Policies

##### The Center

The Center for Community Action (the Center) is a Pennsylvania nonprofit corporation. The Center is organized to provide a wide variety of services to the low and moderate income residents of Bedford, Fulton, Huntingdon, Somerset, Franklin, Blair and Cambria Counties. These services are discussed below. During the period it has existed, the Center has operated under several former names - originally incorporated as Bedford-Fulton Housing Services, Inc. in November 1992, becoming Center for Community Services July 1, 2003, and Center for Community Action October 1, 2006.

##### Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting. The Center's financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB). The Center adopted FASB Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires nonprofits to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions* - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Center's management and the board of directors.

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

Current accounting standards also require the Center to present certain information on a "programmatic" basis. The programmatic basis used by the Center is designed to best illustrate the full nature of the Center's activities. The programmatic focus is on *what the Center does – not from where the money comes*. Below are concise descriptions of the Center's programs. In order to accomplish these programs, the Center has applied for and been awarded a number of grants from various sources. Some of these grants benefit more than one of the Center's programs. They are shown here under the Program they predominately benefit:

**Housing Options** - The Center provides activities designed to assist low-to-moderate income participants, including the elderly poor, to obtain and maintain adequate housing and a suitable living environment.

- Home Investment Partnerships Program
- Department of Energy Weatherization Program
- Low Income Home Energy Assistance Program
- Utility Sponsored Weatherization Programs
- Pennsylvania Accessible Housing Program
- CSBG – Community Services Block Grant Program
- CDBG – Community Development Block Grant Program
- USDA Housing Preservation Grant
- Emergency Solutions Grant Program

**CENTER FOR COMMUNITY ACTION**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019 and 2018**

**Note 1: Significant Accounting Policies (continued)**

**Financial Statement Presentation (continued)**

**Self-Sufficiency** - The Center provides comprehensive, long-term programs of family development; the purpose is to help clients achieve a set of goals resulting in greater independence and elimination of some of the causes of the client's poverty issues.

Emergency Solutions Grant  
CSBG – Community Services Block Grant Program  
VAP – Vehicle Assistance Program  
CoC – Continuum of Care  
PHARE – PA Housing Affordability and Rehabilitation Enhancement

**Employment** - The Center provides activities designed to assist low-to-moderate income participants, including the elderly poor, to secure and retain meaningful employment.

ELRC – Early Learning Resource Center  
CSBG – Community Services Block Grant Program  
EARN – Career Development Program  
Work Ready Program

**Income Management** - The Center provides activities designed to assist low-to-moderate income participants, including the elderly poor, to make better use of available income.

CSBG – Community Services Block Grant Program  
Rep Payee

**Education** - The Center provides activities designed to assist low-to-moderate income participants, including the elderly, to attain an adequate education.

GED Testing Program  
Financial Literacy Program  
CSBG – Community Services Block Grant Program

**Nutrition** - The Center provides, on an emergency basis, supplies and services, nutritious foodstuffs, and related services as may be necessary to counteract conditions of starvation and malnutrition among the poor.

State Food Purchase Program  
Emergency Food Assistance Program  
CSBG – Community Services Block Grant Program

**Emergency Services** - The Center provides activities designed to assist low-to-moderate income participants, including the elderly poor, to obtain emergency assistance to meet immediate and urgent individual and family needs.

Homeless Assistance Program  
Emergency Food and Shelter Program  
CSBG – Community Services Block Grant Program

## CENTER FOR COMMUNITY ACTION

### NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

#### Note 1: Significant Accounting Policies (continued)

##### Financial Statement Presentation (continued)

**Linkages** - The Center provides activities designed to assist low-income participants, including the elderly poor, to make more effective use of other programs. The Center also establishes coordination between governmental and other social services programs to assure the effective delivery of services to low-to-moderate income individuals.

CSBG – Community Services Block Grant Program  
Human Services Development Fund  
Medical Assistance Transportation Program  
RSVP – Retired Senior Volunteer Program  
SSVF – Supportive Services for Veteran's Families

**Fiscal Support Services** - The Center provides services to assist low-to-moderate income participants, including the elderly poor, by administering and managing subsidized housing projects.

EACH – Everett Area Community Housing

##### Use of Estimates

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

##### Cash and Cash Equivalents

The Center considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. There were no cash equivalents as of June 30, 2019 or 2018. Cash consists of deposits at financial institutions where they are insured by the FDIC for deposits up to \$250,000. The Center's cash balances uninsured at June 30, 2019 and 2018 were \$897,279 and \$0, respectively. The Center has not experienced any losses in such accounts, and management believes they are not exposed to any significant credit risk related to its cash.

##### Inventories

Inventory consists of supplies and materials used in certain of the Center's programs (primarily weatherization) and are valued at cost using the first-in, first-out (FIFO) method. The Center does not utilize these materials and supplies in sufficient quantity to be a major component of operations.

##### Property and Equipment

Property and equipment is recorded at cost and is depreciated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from three to forty years. Maintenance and repair costs are charged to expense as incurred. The Center utilizes vehicles and equipment acquired with programmatic funds and, therefore, they are titled jointly with the grantor agency. Property and equipment acquired with grant funds are expensed currently in accordance with provisions of the grants.

## **CENTER FOR COMMUNITY ACTION**

### **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019 and 2018**

#### **Note 1: Significant Accounting Policies (continued)**

##### **Advertising**

The Center expenses the cost of advertising as the advertising takes place. The total advertising expense was \$22,626 and \$11,483 for the years ended June 30, 2019 and 2018.

##### **Grants and Exchange Contracts - Revenue Recognition**

The Center is funded in large part through federal and state government grants and exchange contracts. Occasionally, funds are received prior to their actual expenditure. The Center records any support received prior to expenditure as deferred grant revenue until it is expended for the purpose of the grant, at which time it is recognized as revenue.

Grantor agencies reserve the right to perform audits of the grants and request return of funds for any noncompliance. No provision for possible adjustments resulting from audits has been made in the accompanying financial statements because, in the opinion of management, such adjustments, if any, would not have a material effect on the financial statements.

##### **Donated Services and Materials**

Contributed property and equipment are recorded at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

The Center receives a significant amount of donated services from the Board of Directors and various individuals. No amounts have been recognized in the financial statements because the criteria for recognition under financial accounting standards have not been satisfied.

##### **Compensated Absences**

The vacation time that Center employees earn and utilize is tracked by the Center on a calendar year basis, being determined on January 1 of each year. A maximum of ten vacation days may be carried over to the subsequent year. A liability has been computed and recorded by the Center for the amount of unused vacation time at June 30, 2019 and 2018. For the years ended June 30, 2019 and 2018 the total liability recorded applicable to unused vacation time was \$82,644 and \$58,255, respectively.

##### **Income Taxes**

The Center is exempt from both federal and Pennsylvania income taxes under Section 501(c)(3) of the Internal Revenue Code. Management has analyzed the tax position taken by the Center and has concluded that as of June 30, 2019, there are no uncertain positions taken or expected to be taken that would require recognition or disclosure in the financial statements. The Center is not aware of any activity that would jeopardize its tax-exempt status. The Center's income tax return is subject to review and examination by federal and state authorities. The Centers tax returns for the years 2016 and forward are open to examination.

# CENTER FOR COMMUNITY ACTION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

### Note 1: Significant Accounting Policies (continued)

#### Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis on the Statements of Functional Expenses. Accordingly, certain costs have been allocated among program services and support services. Such allocations of indirect expenses are determined by management on an equitable basis. The following expenses are allocating using the time and effort method: salaries, fringe benefits, computer and software services, insurance, supplies, staff training and development, and advertising. The following expenses are allocated using the square footage method: occupancy, building maintenance and utilities.

#### Subsequent Events

Management has evaluated subsequent events through June 11, 2020, the date in which the financial statements were available to be issued. With the exception of those matters discussed in Note 11, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

### Note 2: Property and Equipment

Details of property and equipment as of June 30, 2019 and 2018 are as follows:

	2019	2018
Office equipment & furniture	\$ 26,155	\$ 26,155
Buildings	2,164,612	2,147,601
Mobile homes	64,918	64,918
Land	162,171	162,171
	<u>2,417,856</u>	<u>2,400,845</u>
Less: accumulated depreciation	(720,783)	(665,281)
Property and equipment, net accumulated depreciation	<u>\$ 1,697,073</u>	<u>\$ 1,735,564</u>

### Note 3: Line of Credit

The Center has a \$400,000 unsecured line-of-credit with First Commonwealth Bank. The line-of-credit had an outstanding balance of \$60,000 and \$80,000 for June 30, 2019 and 2018, respectively. The Center's line-of-credit incurs interest currently at 6.5%. The Center also has a \$100,000 unsecured line-of-credit with Altoona First. The line-of-credit had an outstanding balance of \$0 at June 30, 2019 and 2018. The Center's line-of-credit incurs interest currently at 6%.

### Note 4: Deferred Grant Revenue

The Center records grant funds as deferred revenue when received until it is expended for the purpose of the grant, at which time it becomes unconditional and is recognized as revenue. As of June 30, 2019 and 2018, deferred grant revenue comprised of:

	2019	2018
Home4Good	\$ 125,521	\$ -
EARN Performance	-	16,551
FHL Bank Pittsburgh	21,706	-
Other < \$10,000	482	9,450
	<u>\$ 147,709</u>	<u>\$ 26,001</u>

**CENTER FOR COMMUNITY ACTION**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019 and 2018**

**Note 5: Refundable Advances**

Refundable advances consist of support received from grant programs in excess of expenditures incurred. As of June 30, 2019 and 2018, refundable advances comprised of:

	2019	2018
Medical Assistance Transportation Program	\$ 43,751	\$ 21,051
Early Learning Resource Center	70,446	-
Bedford Borough HOME Program	14,006	14,006
Wood Township HOME Program	25,000	25,000
Other < \$10,000	6,740	1,416
	<u>\$ 159,943</u>	<u>\$ 61,473</u>

**Note 6: Grants and Contracts Receivable**

As of June 30, 2019 and 2018, grants and contracts receivable were comprised of:

	2019	2018
EARN	\$ 75,147	\$ 8,941
Department of Energy Weatherization Program	204,155	1,452
Low Income Home Energy Assistance Program	116,201	109,037
Community Services Block Grant Program	130,833	38,013
Work Ready	46,115	33,155
OVR	12,578	43,641
Human Services Development Fund - Fulton County	38,751	17,000
Emergency Solutions Grant Program - Bedford County	21,459	7,434
Continuum of Care	10,760	-
CCIS	-	23,218
GPU Program	169,292	68,602
Medical Assistance Transportation Program	-	17,357
Retired Senior Volunteer Program	-	14,701
Other < \$10,000	36,211	64,773
	<u>\$ 861,502</u>	<u>\$ 447,324</u>

**Note 7: Long-term Debt**

Long-term debt at June 30, 2019 and 2018 is comprised as follows:

	2019	2018
Mortgage note with Altoona First Bank, payable in monthly installments of \$3,914, bearing interest at 5.00% through July 2030, secured by real estate and lease rents at 109 Adams St Everett, PA, 205-209 5 <sup>th</sup> St Huntingdon, PA, 216 North Second St McConnellsburg, PA, and 8.6394 Acres on Drive In Lane, Everett, PA	\$ 399,210	\$ 425,536



# CENTER FOR COMMUNITY ACTION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

### Note 7: Long-term Debt (continued)

	2019	2018
Mortgage note with USDA Rural Development, payable in monthly installments of \$6,162 including interest at 4.375% through December 2047, secured by UCC financing statements with first mortgage on the land and improvements at Drive-in Lane, Everett, PA	1,203,460	1,224,152
Total long-term debt	1,602,670	1,649,688
Less: current portion of long-term debt	(49,195)	(46,987)
Long-term debt, net of current portion	<u>\$ 1,553,475</u>	<u>\$ 1,602,701</u>

Maturities of long-term debt at June 30, 2019 are as follows:

2020	\$ 49,195
2021	51,635
2022	54,132
2023	56,749
2024	59,457
Thereafter	1,331,502
	<u>\$ 1,602,670</u>

Additional stipulations of the loan agreement with USDA Rural Development require the Center to deposit \$616 into a reserve account monthly until a total of \$73,944 has been accumulated. The reserve balance as of June 30, 2019 and 2018 was \$22,249 and \$14,241, respectively. The Center is authorized to use these funds for repairs and improvements with prior approval from USDA.

### Note 8: Pension Plan

Center for Community Action has established a tax-sheltered annuity pension plan under IRS Code Section 403(b) for its employees. Employer contributions of \$54,245 and \$41,349 were made to the plan for the years ended June 30, 2019 and 2018, respectively. Eligible employees have the option to contribute amounts through salary deduction.

### Note 9: Availability and Liquidity

The Center's financial assets available within one year for general expenditures are as follows:

Cash and	\$ 1,345,690
Grants and contracts receivable	861,502
Other receivables	781
	<u>\$ 2,207,973</u>

As part of its liquidity management, the Center strives to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. The Center also has lines of credit available to meet cash flow needs. See Note 3.

**CENTER FOR COMMUNITY ACTION**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019 and 2018**

**Note 10: Operating Leases**

As Lessor:

The Center owns a private residence, referred to as the Mary Jane Mitchell House, which was previously used as a shelter and leased by another nonprofit organization. The home is now leased to a private party, and total rents of \$7,200 and \$6,500 were received in fiscal years June 30, 2019 and 2018, respectively.

The Center leased several spaces at the 216-218 North Second Street McConnellsburg location. The total rents received in the years ending June 30, 2019 and 2018 were \$64,824 and \$61,201, respectively.

The Center also leases various other properties to low-income families with various lease terms. Total rents of \$24,024 and \$37,024 were received in fiscal years June 30, 2019 and 2018, respectively.

As Lessee:

The Center has a lease arrangement with a third party for office equipment and incurred rental expense under this operating lease of \$3,672 for both the years ended June 30, 2019 and 2018.

The Center leases space in Somerset County for ELRC operations. During the year ended June 30, 2018, the monthly rent under the terms of this lease was \$575 a month. Beginning in July 2018, the monthly rent was \$511 a month. The rent expense for this location was \$6,137 and \$6,900 for the years ended June 30, 2019 and 2018, respectively.

The Center leases space in Cambria County. The rent expense for this location was \$16,522 and \$16,650 for the years ended June 30, 2019 and 2018, respectively. In July 2018, the Center entered into a new lease agreement for their office space in Cambria County. The terms of this lease are \$1,971 a month, and the total rental expense was \$23,650 for the year ended June 30, 2019.

In 2018, the Center began leasing office space in Lewistown, Mifflin County. The monthly rent under the terms of this lease was \$388 a month. The rent expense for this location was \$6,619 and \$2,816 for the years ended June 30, 2019 and 2018, respectively.

In addition, the Center leases space in Altoona, Blair County. The rental expense under these various leases totaled \$6,000 and \$11,631 for the years ended June 30, 2019 and 2018, respectively. The Center entered into a new lease agreement in July 2018 for their Altoona offices. The terms of this lease are \$1,700 a month, and the total rental expense was \$22,100 for the year ended June 30, 2019.

The Center also leases mobile homes. The total rent expense under those agreements was \$4,200 for both the years ended June 30, 2019 and 2018.

**CENTER FOR COMMUNITY ACTION**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019 and 2018**

**Note 10: Operating Leases (continued)**

The total minimum rental commitments as of June 30, 2019 under these agreements are due as follows:

Year Ended <u>June 30,</u>	
2020	\$ 50,520
2021	11,343
2022	6,137
2023	6,137
2024	<u>-</u>
	<u>\$ 74,137</u>

**Note 11: Concentrations**

The Center relies heavily on grants from federal and state agencies to fund its programs and operations. A significant reduction in the level of this support would have a material effect on the Center's programs and operations.

**Note 12: Commitments and Contingencies**

*Grant Programs*

The Center receives both state and federal awards for specific purposes that are subject to review and audit by the grantors or their representatives. The Center is potentially liable for any expenditures which may be disallowed under the terms and conditions of these grant programs. In the opinion of management, liabilities resulting from disallowed expenditures, if any, would not be material to the accompanying financial statements.

*Litigation*

The Center is involved in litigation incidental to its business from time to time. In the opinion of management, the Center has adequate legal defense and/or insurance coverage that such will not materially affect the Center's financial statements.

**Note 13: Subsequent Event – COVID-19**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) a pandemic which has caused major disruptions worldwide. The ongoing pandemic poses increased and unexpected business risks. The specific impact of the pandemic and the duration of the disruption is not determinable as of the report date; therefore, the financial statements do not include any adjustments that might result from the outcome of this uncertainty. The Center relies heavily on grants from federal and state agencies. Access to grants and contracts may decrease or may not be available depending on future appropriations. Management is carefully monitoring the impact of the pandemic and taking steps to mitigate the impact.

In response to COVID-19, the Center received an Emergency CSBG Discretionary Grant in the amount of \$40,000 to be used for safety supplies, benefits for laid off employees, cleaning, and other related expenses. The Center also received \$17,000 in COVID-19 Rapid Response Funds from the Community Foundation for the Alleghenies to be used for food and rental assistance.

**SECTION II**

**INTERNAL CONTROL STRUCTURE**

**AND**

**COMPLIANCE MATTERS**

**CENTER FOR COMMUNITY ACTION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2019

Page 1 of 3

Federal Grantor Agency Pass-Through Grantor Federal Program Title	Federal CFDA Number	Identifying Number	Federal Receipts	Receivable or (Deferred) Revenue at July 1, 2018	Receivable or (Deferred) Revenue at June 30, 2019	Revenue Recognized	Federal Expenditures
<b>U.S. Department of Health and Human Services</b>							
PA Department of Human Services							
Temporary Assistance for Needy Families - Work Ready	93.558	4100064854	\$ 27,885	\$ -	\$ (12,500)	\$ 15,385	\$ 15,385
Temporary Assistance for Needy Families - Work Ready	93.558	4100064854	-	-	16,212	16,212	16,212
Temporary Assistance for Needy Families - Work Ready	93.558	4100064854	32,134	14,395	-	17,739	17,739
Southern Alleghenies Planning and Development Commission							
Temporary Assistance for Needy Families - EARN Performance	93.558	13000106	-	(16,553)	3,938	20,491	20,491
Temporary Assistance for Needy Families - EARN Performance	93.558	18000120	8,941	8,941	-	-	-
Temporary Assistance for Needy Families - EARN Performance	93.558	19000063/19000064	302,602	-	61,793	364,395	364,395
Total TANF Cluster			371,562	6,783	69,443	434,222	434,222
PA Department of Human Services							
Temporary Assistance for Needy Families - Child Care and Development Fund	93.558	DC18-65329	779,693	-	(4,162)	775,531	766,494
Temporary Assistance for Needy Families - Child Care and Development Fund	93.558	DC17-65308	305	305	-	-	-
Child Care and Development Block Grant	93.575	DC18-65329	4,628,602	-	(24,710)	4,603,892	4,550,247
Child Care and Development Block Grant	93.575	DC17-65308	7,081	7,081	-	-	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	DC18-65329	2,770,912	-	(14,793)	2,756,119	2,724,005
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	DC17-65308	6,020	6,020	-	-	-
Total CCDF Cluster			8,192,613	13,406	(43,665)	8,135,542	8,040,746
Social Services Block Grant	93.667	DC18-65329	750,440	-	(4,006)	746,434	737,736
Social Services Block Grant	93.667	DC17-65308	1,800	1,800	-	-	-
Total Social Services Block Grant			752,240	1,800	(4,006)	746,434	737,736
PA Department of Human Services, passed through Bedford County							
Medical Assistance Transportation Program	93.778	N/A	284,299	8,680	(11,347)	264,272	264,272
Total Medicaid Cluster			284,299	8,680	(11,347)	264,272	264,272
PA Department of Community and Economic Development							
Low-Income Home Energy Assistance	93.568	C000061717	43,200	11	-	43,189	43,189
Low-Income Home Energy Assistance	93.568	C000061717	109,037	109,037	-	-	-
Low-Income Home Energy Assistance	93.568	C000061717	136,185	-	-	136,185	136,185
Low-Income Home Energy Assistance	93.568	C000061717	47,522	-	290	47,812	47,812
Low-Income Home Energy Assistance	93.568	C000061717	881,715	-	116,201	997,916	997,916
Total Low Income Energy Assistance Block Grant			1,217,659	109,048	116,491	1,225,102	1,225,102
PA Department of Community and Economic Development, for the counties of Bedford, Fulton and Huntingdon							
Community Service Block Grant	93.569	C000057039	40,204	3,555	-	36,649	36,649
Community Service Block Grant	93.569	C000066935	-	-	2,180	2,180	2,180
Community Service Block Grant	93.569	C000066935	90,296	-	130,833	221,129	221,129
Community Service Block Grant	93.569	C000066935	327,019	36,708	-	290,311	290,311
Community Service Block Grant	93.569	C000066935	50,000	1,305	-	48,695	48,695
Total Community Service Block Grant			507,519	41,568	133,013	598,964	598,964
Total U.S. Department of Health and Human Services			11,325,892	181,285	259,929	11,404,536	11,301,042

See notes to the schedule of expenditures of federal awards

CENTER FOR COMMUNITY ACTION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2019

Page 2 of 3

Federal Grantor Agency Pass-Through Grantor Federal Program Title	Federal CFDA Number	Identifying Number	Federal Receipts	Receivable or (Deferred) Revenue at July 1, 2018	Receivable or (Deferred) Revenue at June 30, 2019	Revenue Recognized	Federal Expenditures
U.S. Department of Housing and Urban Development							
Direct							
Continuum of Care Program	14.267	PA0813L3E091701	\$ 173,107	\$ -	\$ 10,760	\$ 183,867	\$ 183,867
Continuum of Care Program	14.267	PA0661L3E091703	104,539	9,495	-	95,044	95,044
Continuum of Care Program	14.267	PA0813L3E091600	93,819	(9,898)	-	103,717	103,717
Total Continuum of Care Program			371,465	(403)	10,760	382,628	382,628
PA Department of Community and Economic Development, passed through							
Bedford County							
Emergency Solutions Grant Program	14.231	C000064160	-	-	21,459	21,459	21,459
Emergency Solutions Grant Program	14.231	C000067033	89,617	7,434	384	82,567	82,567
Total Emergency Solutions Grant Program			89,617	7,434	21,843	104,026	104,026
PA Department of Community and Economic Development, passed through							
Liberty Township							
Home Investment Partnership Program	14.239	C000058830	-	(25,000)	(25,000)	-	-
PA Department of Community and Economic Development, passed through							
Wood Township							
Home Investment Partnership Program	14.239	C000058718	82,994	-	1,369	84,363	84,363
PA Department of Community and Economic Development, passed through							
Broad Top Township							
Home Investment Partnership Program	14.239	C000066570	231,751	6,716	6,609	231,644	231,644
PA Department of Community and Economic Development, passed through							
Bedford Township							
Home Investment Partnership Program	14.239	C000058711	-	(14,006)	(14,006)	-	-
Total Home Investment Partnership Program			314,745	(32,290)	(31,028)	316,007	316,007
Community Development Block Grants/Entitlement Grants							
Total U.S. Department of Housing and Urban Development							
	14.218	C000057597-	2,800	2,452	-	348	348
		C000061800	778,627	(22,807)	1,575	803,009	803,009
U.S. Department of Energy							
PA Department of Community and Economic Development							
Weatherization Assistance for Low-Income Persons	81.042	C000066285	219,178	-	204,155	423,333	423,333
Weatherization Assistance for Low-Income Persons	81.042	C000066285	1,452	1,452	-	-	-
Total Weatherization Assistance for Low-Income Persons			220,630	1,452	204,155	423,333	423,333
U.S. Department of Veterans Affairs							
Veterans Leadership Program							
VA Supportive Services for Veteran Families Program	64.033	N/A	17,267	6,161	-	11,106	11,106

See notes to the schedule of expenditures of federal awards

CENTER FOR COMMUNITY ACTION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2019

Page 3 of 3

Federal Grantor Agency Pass-Through Grantor Federal Program Title	Federal CFDA Number	Identifying Number	Federal Receipts	Receivable or (Deferred) Revenue at July 1, 2018	Receivable or (Deferred) Revenue at June 30, 2019	Revenue Recognized	Federal Expenditures
U.S. Department of Agriculture							
PA Department of Human Services							
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Work Ready	10.561	4100064854	\$ -	\$ -	\$ 12,500	\$ 12,500	\$ 12,500
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Work Ready	10.561	4100064854	20,643	6,944	-	13,699	13,699
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Work Ready	10.561	4100083362	-	-	14,951	14,951	14,951
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - CCIS Food Stamps	10.561	DC18-65329	7,100	-	(38)	7,062	6,980
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - CCIS Food Stamps	10.561	DC17-65308	4	4	-	-	-
Total SNAP Cluster			27,747	6,948	27,413	48,212	48,130
PA Department of Agriculture, passed through Bedford County							
Emergency Food Assistance Program (Administrative Costs) - TEFAP	10.568	8-05-05-073	8,568	5,655	1,921	4,834	4,834
Emergency Food Assistance Program (Food Commodities) - TEFAP	10.569	8-05-05-073	24,633	-	-	24,633	24,633
PA Department of Agriculture, passed through Huntingdon County							
Emergency Food Assistance Program (Administrative Costs) - TEFAP	10.568	8-05-31-099	4,063	1,851	1,449	3,661	3,661
Emergency Food Assistance Program (Food Commodities) - TEFAP	10.569	8-05-31-099	21,529	-	-	21,529	21,529
Total Food Distribution Cluster			58,793	7,506	3,370	54,657	54,657
Total U.S. Department of Agriculture			86,540	14,454	30,783	102,869	102,787
Corporation for National and Community Service							
Direct							
Retired and Senior Volunteer Program	94.002	17SRAPA007	114,099	14,701	-	99,398	99,398
Total Retired and Senior Volunteer Program			114,099	14,701	-	99,398	99,398
U.S. Department of Homeland Security							
Direct							
Emergency Food and Shelter National Board Program - Huntingdon	97.024	LRO 725600-011	24,712	-	(482)	24,230	24,230
Emergency Food and Shelter National Board Program - Phase 35	97.024	LRO 725600-011	1,760	-	-	1,760	1,760
Total Emergency Food and Shelter National Board Program			26,472	-	(482)	25,990	25,990
Total			\$12,569,527	\$ 195,246	\$ 495,960	\$ 12,870,241	\$ 12,766,665

See notes to the schedule of expenditures of federal awards

## CENTER FOR COMMUNITY ACTION

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS June 30, 2019

#### Note 1: Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the grant activity of the Center and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with 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). Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

#### Note 2: Major Programs

The requirements of the Uniform Guidance require all major programs, as determined by the auditor on a risk-based approach, be subject to specific control and/or compliance testing. In determining that at least 20% of federal expenditures were tested in accordance with single audit requirements, the following calculation was made:

Total federal expenditures	\$ 12,766,665
	x 20%
20% of federal expenditures	<u>\$ 2,553,333</u>
Programs selected for testing:	
CFDA 93.575, 93.596 Child Care and Development Fund (CCDF) Cluster	\$ 8,040,746
CFDA 93.667 Social Services Block Grant	<u>737,736</u>
Total programs selected for testing	<u>\$ 8,778,482</u>
Percent of total federal expenditures tested	69%

#### Note 3: Noncash Awards

The Center received commodities (passed through Bedford and Huntingdon County) under Temporary Emergency Food Assistance Program (TEFAP) in agreement with the PA Department of Agriculture under CFDA number 10.569. During the year ended June 30, 2019, the Center distributed \$46,162 in commodities as valued using guidelines provided by the Emergency Food Assistance Program.

#### Note 4: Child Care and Development Fund (CCDF) Discretionary Funds

During the year ended June 30, 2019, the Center received TANF funds (CFDA 93.558) totaling \$766,494 which the state transferred to the CCDF program. The funds transferred were treated as discretionary funds under the CCDF program. On the SEFA, the amount transferred is shown as CCDF expenditures.

#### Note 5: Indirect Costs

The Center has elected not to use the 10% de minimum indirect cost rate allowed under the Uniform Guidance.

#### Note 6: Subrecipients

During the year ended June 30, 2019, the Center did not pass any amount of federal funds to subrecipients.





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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors  
Center for Community Action  
Everett, Pennsylvania

We have performed the procedures described below, which were agreed to by the Commonwealth of Pennsylvania Department of Human Services (DHS) and the Center for Community Action (the Center) solely to assist you with respect to the financial schedules and exhibits required by the DHS Single Audit Supplement, as of and for the year ended June 30, 2019. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings applicable to the ELRC Recap for the Fiscal Year 2018-2019 Supplemental Financial Schedule are as follows:

1. Verify by comparison of the amounts and the classifications to ensure that the schedules have been accurately compiled and reflect the audited books and records of the auditee and are at the requested level of detail.

The amounts reported in the supplemental financial schedules agree with the audited books and records of Center for Community Action. The supplemental financial schedules were compiled and prepared at the requested level of detail.

2. Inquire of management regarding adjustments to revenues and/or expenditures;

There were no adjustments made to the revenues and expenditures reported on the ELRC Recap for the Fiscal Year 2018-2019 Supplemental Financial Schedule.

3. Provide a detailed listing of the necessary adjustments and/or findings affecting the schedules.

There were no adjustments or findings affecting the ELRC Recap for the Fiscal Year 2018-2019 Supplemental Financial Schedule.

The procedures and the associated findings applicable to the Reconciliation Supplemental Schedule are as follows:

1. 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).

The amounts reported in the "Federal Expenditures per the SEFA" column C agree to the audited Schedule of Expenditures of Federal Awards (SEFA).



2. 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.

The amounts reported in the "Federal Awards Received per the audit confirmation reply from Pennsylvania" column agree to the Federal amounts that were reflected in the audit confirmation reply from the Office of Budget, Comptroller Operations.

3. Recalculate the amounts listed under the "Difference" column and the "% Difference" column.

The amounts listed in the "Difference" column and the "% Difference" column were recalculated without exception.

4. Agree the amounts listed under the "Difference" column to the audited books and records of the Center.

The amounts reported in the "Difference" column agree to the audited books and records of the Center.

5. Agree the "Detailed Explanation of the Differences" to the audited books and records of the Center.

The statements reported in the "Detailed Explanation of the Differences" agree to the audited books and records of the Center. The differences are due to the audit confirmations reflecting cash payments versus the accrual method of accounting used to prepare the schedule of expenditures of federal awards.

6. Based on the procedures detailed in the above paragraphs (1) through (5) above, disclose any adjustments and/or findings which have not been reflected on the corresponding schedules.

All adjustments and/or findings have been properly reflected in the above responses.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion or conclusion, respectively, on the supplemental financial schedules. Accordingly, we do not express such an opinion or conclusion. 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 information and use of the Center for Community Action and the Commonwealth of Pennsylvania Department of Human Services and is not intended to be and should not be used by anyone other than those specified parties

*Barnes Saly & Company P.C.*

Johnstown, PA  
June 11, 2020

## FY 2018-2019

9

**PHONE NUMBER: (814)623-9129, ext 4102**

**PHONE NUMBER: (814)623-9129, ext 4102**

	LOW INCOME - Grants & Awards - Other	LOW INCOME - Grants & Awards - IT Care Levels	LOW INCOME - Subcontracts	Total
	Quality Service	Quality Service	Quality Service	Quality Service
REVENUE				
Commonwealth Funds	\$485,082.00	\$133,500.00	\$0.00	\$618,582.00
Interest				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
TOTAL REVENUE	\$485,082.00	\$133,500.00	\$0.00	\$618,582.00
EXPENDITURES				
Final Report Totals	\$489,959.16	\$151,489.04	\$0.00	\$621,448.20
				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
TOTAL EXPENDITURES	\$489,959.16	\$151,489.04	\$0.00	\$621,448.20
SUBTOTAL QUALITY	\$15,122.64	\$17,989.04	\$0.00	(\$2,866.20)

\* If TOTAL DUE is positive, issue check to Commonwealth of PA in the amount listed. Please reference your DC number on the check. Include the check with the Receipt Packet - to be received by OCDEL no later than 5:00 pm, Friday, September 13, 2019.

DATE 8/30/19  
TITLE ELRC Director

## See Independent Accountant's Report

CENTER FOR COMMUNITY ACTION  
YEAR ENDED JUNE 30, 2019

EXHIBIT XX - SUPPLEMENTAL SCHEDULE  
RECONCILIATION

Federal Awards passed through the Pennsylvania Department of Human Services  
Expenditures per the SEFA to Revenue Received per the Pennsylvania Audit Confirmation Reply

Page 1 of 2

(A) CFDA Name	(B) CFDA Number	(C) Federal Expenditures per the SEFA	(D) Federal Awards Received per the audit confirmation reply from Pennsylvania	(E) Difference (C - D)	(F) % Difference (E/D)	(G) Detailed Explanation of the Differences
TANF Cluster:						
Temporary Assistance for Needy Families - Work Ready	93.558	\$ 17,739	\$ 32,134	\$ (14,395)	-44.8%	The amount received from the Department of Human Services in the year ended June 30, 2019 included a \$31,155 receivable for the year ended June 30, 2018. From the total amount, \$21,339 was attributable to federal funding, and the remaining amount was attributable to state funding. A portion of the prior year receivable includes \$14,395 for the Temporary Assistance for Needy Families - Work Ready.
Temporary Assistance for Needy Families - Work Ready	93.558	15,385	27,885	(12,500)	-44.8%	At June 30, 2019, the Center reported expenditures for contract #4100064854 between Temporary Assistance for Needy Families - Work Ready program and the State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Work Ready. The confirmation received from the Department of Human Services reported all receipts for this contract under the Temporary Assistance for Needy Families - Work Ready program.
Temporary Assistance for Needy Families - Work Ready	93.558	16,212	16,212		100.0%	At June 30, 2019, the Center reported a receivable from the Department of Human Services of \$46,115. From the total amount, \$31,163 was attributable to federal funding, and the remaining amount was attributable to state funding. A portion of the receivable includes \$16,212 for the Temporary Assistance for Needy Families - Work Ready.
Total TANF Cluster		49,336	60,019	(10,683)	10.4%	
CCDF Cluster:						
Temporary Assistance for Needy Families - Child Care and Development Fund	93.558	766,494	779,693	(13,199)	-1.7%	At June 30, 2019, the Center reported an amount due to the Department of Human Services of \$70,446. From the total amount, \$47,708 was attributable to federal funding, and the remaining amount was attributable to state funding. In addition, during the year ended June 30, 2019, the Center received administrative funds under contract DC18065329 in excess of expenses.
Child Care and Development Block Grant	93.575	4,550,247	4,628,602	(78,355)	-1.7%	At June 30, 2019, the Center reported an amount due to the Department of Human Services of \$70,446. From the total amount, \$47,708 was attributable to federal funding, and the remaining amount was attributable to state funding. In addition, during the year ended June 30, 2019, the Center received administrative funds under contract DC18065329 in excess of expenses.
Child Care Mandatory and Matching Funds	93.596	2,724,005	2,770,912	(46,907)	-1.7%	At June 30, 2019, the Center reported an amount due to the Department of Human Services of \$70,446. From the total amount, \$47,708 was attributable to federal funding, and the remaining amount was attributable to state funding. In addition, during the year ended June 30, 2019, the Center received administrative funds under contract DC18065329 in excess of expenses.
Total CCDF Cluster		\$ 8,040,746	\$ 8,179,207	\$ (138,461)	-5.1%	

CENTER FOR COMMUNITY ACTION  
YEAR ENDED JUNE 30, 2019

EXHIBIT XX - SUPPLEMENTAL SCHEDULE  
RECONCILIATION

Federal Awards passed through the Pennsylvania Department of Human Services  
Expenditures per the SEFA to Revenue Received per the Pennsylvania Audit Confirmation Reply

Page 2 of 2

(A) CFDA Name	(B) CFDA Number	(C) Federal Expenditures per the SEFA	(D) Federal Awards Received per the audit confirmation reply from Pennsylvania	(E) Difference (C - D)	(F) % Difference (E/D)	(G) Detailed Explanation of the Differences
Social Services Block Grant	93.667	\$ 737,736	\$ 750,440	\$ (12,704)	-1.7%	At June 30, 2019, the Center reported an amount due to the Department of Human Services of \$70,446. From the total amount, \$47,708 was attributable to federal funding, and the remaining amount was attributable to state funding. In addition, during the year ended June 30, 2019, the Center received administrative funds under contract DC18065329 in excess of expenses.
Medicaid Cluster:						
Medical Assistance Transportation Program	93.778	\$ 64,272	\$ 284,299	\$ (20,027)	-7.0%	The amount received from the Department of Human Services in the year ended June 30, 2019 included a \$8,677 receivable of federal funding for the year ended June 30, 2018. At June 30, 2019, the Center reported an amount due to the Department of Human Services of \$22,700. From the total amount, \$11,350 was attributable to federal funding, and the remaining amount was attributable to state funding.
Total Medicaid Cluster		\$ 64,272	\$ 284,299	\$ (20,027)	-7.0%	
SNAP Cluster:						
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Work Ready	10.561	13,699	20,643	(6,944)	-33.6%	The amount received from the Department of Human Services in the year ended June 30, 2019 included a \$33,155 receivable for the year ended June 30, 2018. From the total amount, \$21,339 was attributable to federal funding, and the remaining amount was attributable to state funding. A portion of the prior year receivable includes \$6,944 for the State Administrative Match Grants for the Supplemental Nutrition Assistance Program - Work Ready.
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Work Ready	10.561	12,500	-	12,500	100.0%	At June 30, 2019, the Center reported expenditures for contract #4 100064854 between Temporary Assistance for Needy Families - Work Ready program and the State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Work Ready. The confirmation received from the Department of Human Services reported all receipts for this contract under the Temporary Assistance for Needy Families - Work Ready program.
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Work Ready	10.561	14,951	-	14,951	100.0%	At June 30, 2019, the Center reported a receivable from the Department of Human Services of \$46,115. From the total amount, \$31,163 was attributable to federal funding, and the remaining amount was attributable to state funding. A portion of the receivable includes \$14,951 for the State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Work Ready.
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - CCIS Food Stamps	10.561	6,980	7,100	(120)	-1.7%	At June 30, 2019, the Center reported an amount due to the Department of Human Services of \$70,446. From the total amount, \$47,708 was attributable to federal funding, and the remaining amount was attributable to state funding. In addition, during the year ended June 30, 2019, the Center received administrative funds under contract DC18065329 in excess of expenses.
Total SNAP Cluster		48,130	27,743	20,387	164.7%	
Total		\$ 9,140,220	\$ 9,301,708	\$ (161,488)	161.3%	

**SECTION II**

**INTERNAL CONTROL STRUCTURE**

**AND**

**COMPLIANCE MATTERS**



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**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 AND THE AUDIT REQUIREMENTS OF THE  
PENNSYLVANIA DEPARTMENT OF HUMAN SERVICES**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Center for Community Action  
Everett, Pennsylvania

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 and the audit requirements of the Pennsylvania Department of Human Services, the financial statements of Center for Community Action, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 11, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Center for Community Action'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 Center for Community Action's internal control. Accordingly, we do not express an opinion on the effectiveness of Center for Community Action'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 Center for Community Action'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* or the audit requirements of the Pennsylvania Department of Human Services.

### **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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the audit requirements of the Pennsylvania Department of Human Services in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Barnes Daly & Company P.C.*

Johnstown, Pennsylvania  
June 11, 2020





CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE  
UNIFORM GUIDANCE AND THE AUDIT REQUIREMENTS OF THE  
PENNSYLVANIA DEPARTMENT OF HUMAN SERVICES**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Center for Community Action  
Everett, Pennsylvania

**Report on Compliance for Each Major Federal Program**

We have audited Center for Community Action's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the Pennsylvania Department of Human Services Single Audit Supplement that could have a direct and material effect on each of Center for Community Action's major federal programs for the year ended June 30, 2019. Center for Community Action'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 Center for Community Action'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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); the audit requirements of the Pennsylvania Department of Human Services. 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 Center for Community Action'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 Center for Community Action's compliance.



### **Opinion on Each Major Federal Program**

In our opinion, Center for Community Action 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, 2019.

### **Report on Internal Control over Compliance**

Management of Center for Community Action 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 Center for Community Action'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 Center for Community Action's internal control over compliance.

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

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

### **Purpose of this Report**

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 and the audit requirements of the Pennsylvania Department of Human Services. Accordingly, this report is not suitable for any other purpose.

*Barnes Daly & Company P.C.*

Johnstown, Pennsylvania  
June 11, 2020

CENTER FOR COMMUNITY ACTION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2019

Section I. SUMMARY OF AUDITOR'S RESULTS

*Financial Statements*

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

Internal control over financial reporting:

Material weaknesses identified?	Yes	<input checked="" type="checkbox"/>	No
Significant deficiencies identified?	Yes	<input checked="" type="checkbox"/>	None Reported
Noncompliance material to financial statements noted?	Yes	<input checked="" type="checkbox"/>	No

*Federal Awards*

Internal control over major programs:

Material weaknesses identified?	Yes	<input checked="" type="checkbox"/>	No
Significant deficiencies identified?	Yes	<input checked="" type="checkbox"/>	None Reported

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

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	Yes	<input checked="" type="checkbox"/>	No
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Identification of major programs:

CFDA Number  
93.575,93.596  
93.667

Name of Federal Program or Cluster  
Child Care and Development Fund (CCDF) Cluster  
Social Services Block Grant

Dollar threshold used to distinguish between type A and type B programs	\$ 750,000
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Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/>	Yes	No
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Section II. FINANCIAL STATEMENT FINDINGS  
**None**

Section III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS  
**None**

**CENTER FOR COMMUNITY ACTION**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**June 30, 2019**

None