



FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

**COMMUNITY ACTION, INC.
FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

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INDEPENDENT AUDITOR'S REPORT

September 8, 2016

To the Board of Directors
Community Action, Inc.
105 Grace Way
Punxsutawney, PA 15979-1209

Report on the Financial Statements

We have audited the accompanying financial statements of Community Action, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit guidelines issued by the Pennsylvania Department of Human Services; and audit guidelines issued by the Pennsylvania Coalition Against Domestic Violence. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Action, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements, and the information on pages 28 through 51, is presented for purposes of supplemental analysis, and are not required parts of the basic 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 September 8, 2016, on our consideration of Community Action, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Action, Inc.'s internal control over financial reporting and compliance.



WESSEL & COMPANY
Certified Public Accountants

COMMUNITY ACTION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

	2016	2015
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 1,005,438	\$ 921,219
Grants receivable	241,445	345,533
Other receivables	244,024	222,532
Investments	50,995	45,261
Inventory	4,706	5,206
Prepaid expenses	41,266	41,407
Total Current Assets	1,587,874	1,581,158
Property and equipment - Net of accumulated depreciation	533,903	493,133
Total Assets	\$ 2,121,777	\$ 2,074,291
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 143,172	\$ 198,984
Accrued benefits and withheld taxes	18,117	10,055
Accrued salaries	144,599	136,365
Deferred revenue	61,647	10,594
Accrued expenses	30,225	29,769
Security deposits	680	680
Total Current Liabilities	398,440	386,447
Total Liabilities	398,440	386,447
Net Assets:		
Unrestricted	1,656,086	1,605,102
Temporarily restricted	67,251	82,742
Total Net Assets	1,723,337	1,687,844
Total Liabilities and Net Assets	\$ 2,121,777	\$ 2,074,291

COMMUNITY ACTION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Total 2016
<u>Public Support and Revenue</u>			
Public Support:			
Grant income	\$ 3,388,024	\$ -	\$ 3,388,024
Contributions	93,775	23,621	117,396
Contributions, in-kind	104,346	-	104,346
Special events	2,119	-	2,119
	<u>3,588,264</u>	<u>23,621</u>	<u>3,611,885</u>
Revenue:			
Service income	626,688	-	626,688
Information technology services	150,310	-	150,310
Investment income (loss)	8,843	-	8,843
Housing income	34,954	-	34,954
Miscellaneous income	3,817	-	3,817
Release from restriction	39,112	(39,112)	-
	<u>863,724</u>	<u>(39,112)</u>	<u>824,612</u>
Total Public Support and Revenue	<u>4,451,988</u>	<u>(15,491)</u>	<u>4,436,497</u>
<u>Expenses</u>			
Operating:			
Program services	3,858,899	-	3,858,899
Fundraising	2,222	-	2,222
	<u>3,861,121</u>	<u>-</u>	<u>3,861,121</u>
Supporting Services:			
Management and general	539,883	-	539,883
	<u>4,401,004</u>	<u>-</u>	<u>4,401,004</u>
Change in Net Assets	50,984	(15,491)	35,493
Net Assets - Beginning of Year	<u>1,605,102</u>	<u>82,742</u>	<u>1,687,844</u>
Net Assets - End of Year	<u>\$ 1,656,086</u>	<u>\$ 67,251</u>	<u>\$ 1,723,337</u>

COMMUNITY ACTION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Total 2015
<u>Public Support and Revenue</u>			
Public Support:			
Grant income	\$ 3,585,254	\$ -	\$ 3,585,254
Contributions	127,922	4,848	132,770
Contributions, in-kind	66,250	-	66,250
Special events	1,675	-	1,675
	<u>3,781,101</u>	<u>4,848</u>	<u>3,785,949</u>
Revenue:			
Service income	505,776	-	505,776
Information technology services	153,686	-	153,686
Investment income (loss)	(6,520)	-	(6,520)
Housing income	63,747	-	63,747
Miscellaneous income	23,305	-	23,305
Release from restriction	15,227	(15,227)	-
	<u>755,221</u>	<u>(15,227)</u>	<u>739,994</u>
Total Revenue	<u>755,221</u>	<u>(15,227)</u>	<u>739,994</u>
Total Public Support and Revenue	<u>4,536,322</u>	<u>(10,379)</u>	<u>4,525,943</u>
<u>Expenses</u>			
Operating:			
Program services	3,789,985	-	3,789,985
Fundraising	2,258	-	2,258
	<u>3,792,243</u>	<u>-</u>	<u>3,792,243</u>
Supporting Services:			
Management and general	751,541	-	751,541
	<u>4,543,784</u>	<u>-</u>	<u>4,543,784</u>
Total Expenses	<u>4,543,784</u>	<u>-</u>	<u>4,543,784</u>
Change in Net Assets	(7,462)	(10,379)	(17,841)
Net Assets - Beginning of Year	<u>1,612,564</u>	<u>93,121</u>	<u>1,705,685</u>
Net Assets - End of Year	<u>\$ 1,605,102</u>	<u>\$ 82,742</u>	<u>\$ 1,687,844</u>

COMMUNITY ACTION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 1,169,723	\$ 346,389	\$ 471	\$ 1,516,583
Fringe Benefits	263,328	48,544	104	311,976
Payroll Taxes	91,751	22,672	35	114,458
Total Personnel Costs	1,524,802	417,605	610	1,943,017
Travel	39,748	8,521	-	48,269
Software	680	-	-	680
Equipment maintenance and rental	3,051	(198)	-	2,853
Small equipment and tools	6,520	-	-	6,520
Supplies	53,261	1,117	-	54,378
Space costs	75,880	5,375	18	81,273
Telephone	24,334	4,275	16	28,625
Postage	12,699	266	-	12,965
Printing	10,477	793	599	11,869
Licenses and registration	1,885	4,134	-	6,019
Insurance	30,364	671	2	31,037
Auto expenses	7,038	-	-	7,038
Information Technology	-	19,146	15	19,161
Advertising and publication	4,643	479	-	5,122
Registration and memberships	5,468	2,789	-	8,257
Training and technical assistance	926	-	-	926
Administrative fees	6,813	-	-	6,813
Volunteer recognition	9,253	-	-	9,253
Contracted services	143,252	39,475	9	182,736
Snow removal	473	-	-	473
Utilities	23,123	-	-	23,123
Meetings	2,848	1,104	-	3,952
Food and meals	983	-	-	983
Building repairs and maintenance	1,939	-	-	1,939
Miscellaneous	4,533	-	-	4,533
Property taxes	1,556	-	-	1,556
Cost of goods sold	20	-	-	20
Depreciation	10,451	-	-	10,451
Consumer assistance:				
Food and meals	18,300	-	-	18,300
Weatherization services	409,734	-	-	409,734
Housing assistance	132,117	-	-	132,117
Client travel and assistance	1,156,252	-	-	1,156,252
Other consumer support	21,514	-	-	21,514
Fundraising distributions	-	-	719	719
Funds returned	-	-	-	-
Project support	2,500	-	-	2,500
In-Kind expenses	104,346	-	-	104,346
Fiscal services	-	28,402	222	28,624
Human resources services	-	5,929	12	5,941
Federal taxes	7,116	-	-	7,116
Total Expenses	\$ 3,858,899	\$ 539,883	\$ 2,222	\$ 4,401,004

COMMUNITY ACTION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 1,098,667	\$ 540,780	\$ 407	\$ 1,639,854
Fringe Benefits	232,102	77,725	96	309,923
Payroll Taxes	82,930	40,746	30	123,706
Total Personnel Costs	1,413,699	659,251	533	2,073,483
Travel	35,774	8,526	-	44,300
Software	3,063	-	-	3,063
Equipment maintenance and rental	694	-	-	694
Small equipment and tools	4,975	-	-	4,975
Supplies	22,960	174	-	23,134
Space costs	64,960	5,437	21	70,418
Telephone	26,830	5,043	9	31,882
Postage	14,249	533	-	14,782
Printing	13,234	19	601	13,854
Licenses and registration	3,611	3,777	-	7,388
Insurance	36,209	2,245	4	38,458
Auto expenses	9,820	-	-	9,820
Information Technology	5,645	13,878	29	19,552
Advertising and publication	5,220	1,026	-	6,246
Registration and memberships	8,487	770	-	9,257
Training and technical assistance	2,367	-	-	2,367
Administrative fees	6,533	-	-	6,533
Volunteer recognition	7,539	-	-	7,539
Contracted services	150,817	30,984	12	181,813
Snow removal	1,019	-	-	1,019
Utilities	26,479	-	-	26,479
Meetings	2,476	1,108	-	3,584
Food and meals	3,892	-	-	3,892
Building repairs and maintenance	2,629	-	-	2,629
Miscellaneous	3,002	-	-	3,002
Property taxes	1,442	-	-	1,442
Cost of goods sold	-	-	-	-
Depreciation	10,265	-	-	10,265
Consumer assistance:				
Food and meals	16,822	-	-	16,822
Weatherization services	370,024	-	-	370,024
Housing assistance	216,603	-	-	216,603
Client travel and assistance	1,187,768	-	-	1,187,768
Other consumer support	24,118	-	-	24,118
Fundraising distributions	-	-	-	-
Funds returned	37,787	-	-	37,787
Project support	3,000	-	-	3,000
In-Kind expenses	38,450	-	-	38,450
Fiscal services	-	11,971	1,034	13,005
Human resources services	-	6,799	15	6,814
Federal taxes	7,523	-	-	7,523
Total Expenses	\$ 3,789,985	\$ 751,541	\$ 2,258	\$ 4,543,784

COMMUNITY ACTION, INC.
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Cash Flows From Operating Activities:		
Change in net assets	\$ 35,493	\$ (17,841)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	23,889	25,632
Unrealized (gain)/loss on investments	(5,734)	9,509
Change in assets and liabilities:		
Grants receivable	104,088	314,684
Other receivables	(21,492)	(24,223)
Inventory	500	8,075
Prepaid expenses	141	10,746
Accounts payable	(55,356)	(63,757)
Accrued benefits and withheld taxes	8,062	2,338
Accrued salaries	8,234	(5,792)
Deferred revenues	51,053	(136,180)
Total Adjustments	113,385	141,032
Net Cash Provided By Operating Activities	148,878	123,191
Cash Flows From Investing Activities:		
Purchase of fixed assets	(64,659)	(27,800)
Net Cash (Used In) Investing Activities	(64,659)	(27,800)
Net Increase In Cash and Cash Equivalents	84,219	95,391
Cash and Cash Equivalents - Beginning of Year	921,219	825,828
Cash and Cash Equivalents - End of Year	\$ 1,005,438	\$ 921,219

COMMUNITY ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 1 - NATURE OF OPERATIONS

Community Action, Inc. is a private non-profit organization established in 1965, and is the local Community Action Agency designated by the Board of Commissioners of Jefferson and Clarion Counties as the lead provider of a wide range of social services primarily for low income and disadvantaged individuals. Community Action, Inc. serves as a multi-purpose administering and service delivery entity for a number of projects. Although each of the projects administered by Community Action, Inc., is subject to specific funding source requirements and regulations, each project has a relevant purpose toward the corporate mission. Community Action, Inc.'s programs are funded by various federal, state, and local grants, and private donations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies are the principles of accounting and the methods of applying those principles which are utilized in preparing the financial statements. The accounting policies adopted can significantly affect the reported results of the operations. To facilitate an understanding of the information presented in the financial statements, the significant accounting policies followed in the presentation of the accompanying financial statements are summarized as follows:

Income Taxes

Community Action, Inc. is a non-profit organization exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and applicable state regulations, subject to unrelated business taxable income on net profits from information technology activities. As such, they are not classified as a private foundation. (See also Note 14).

Community Action, Inc. follows FASB ASC 740-10 Topic Accounting for Uncertainty in Income Taxes. The FASB ASC requires Community Action, Inc. to evaluate tax positions taken and determine whether it is more-likely-than-not that the tax position will be sustained upon examination based on the technical merits of the position. Community Action, Inc. has performed an evaluation and has determined there are no material unrecognized tax positions or uncertain tax positions that meet the reporting and disclosure provisions of FASB ASC. Community Action, Inc. records tax penalties and interest as they occur. For the years ended June 30, 2016 and 2015, Community Action, Inc. incurred no tax penalty or interest costs. With certain exceptions, the federal income tax returns of Community Action, Inc. for 2013, 2014, and 2015 are subject to examination by the IRS, generally for three (3) years after they were filed.

Inventory

Inventory is stated at the lower of cost or market value. Cost is determined using the first-in, first-out method.

Property and Equipment

Property and equipment are recorded at cost, if purchased, and fair market value at date of donation, if contributed. Items purchased or contributed with a fair market value of \$500 or more are capitalized. Depreciation is computed using the straight-line method of depreciation over the assets' estimated useful lives. Donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, Community Action, Inc. reports expirations of donor restrictions when the donated or acquired assets are placed in services as instructed by the donor. Community Action, Inc. reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Equipment acquired with grant funds is expensed currently in accordance with provisions of the grants. Generally, the title to such assets is held by the respective grantors and there are restrictions regarding their disposition. However, real property acquired with grant funds is capitalized due to its substantial useful life.

Cash and Cash Equivalents

For purposes of the statement of cash flows, Community Action, Inc. considers all highly liquid debt instruments purchased with an initial maturity of three (3) months or less to be cash equivalents. There were no instruments considered to be cash equivalents at June 30, 2016 and 2015.

Allowance for Doubtful Receivables

No allowance for doubtful accounts was provided as of June 30, 2016 and 2015, as management believes all outstanding receivables are collectible. If collection becomes doubtful, an allowance for doubtful accounts will be established. Recoveries of previously charged off accounts are recorded when received.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair market value in the statement of financial position.

Investment income and realized and unrealized gains (losses) restricted by donors are reported as increases (decreases) in unrestricted net assets if the restrictions are met (either a stipulated time period or a purpose restriction is accomplished) in the reporting period in which the income and gains (losses) are recognized.

Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of Community Action, Inc. and changes therein are classified and reported as follows:

Unrestricted net assets- Net assets that are not subject to donor imposed stipulations.

Temporarily restricted net assets- Net assets subject to donor imposed stipulations that may or will be met either by actions of Community Action, Inc. and/or the passage of time.

Permanently restricted net assets -Net assets subject to donor imposed stipulations that they be maintained permanently by Community Action, Inc. Generally the donors of these assets permit Community Action, Inc. to use all or part of the income earned on related investments for general or specific purposes. There were no permanently restricted assets at June 30, 2016 and 2015.

Grants, contract funding, and contributions which are restricted to the use of Community Action, Inc.'s programs are reflected as unrestricted revenue when these funds are received and spent during the same year.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

NOTE 3 – CONCENTRATIONS OF CREDIT RISK OF FINANCIAL INSTRUMENTS

Demand deposits in banks are financial instruments of the depositor. The depositor has the contracted right to receive this currency on demand. Community Action, Inc. has cash deposits in five (5) accounts with two (2) financial institutions. One (1) of the cash accounts represents investments in government securities, which is not covered by FDIC insurance. The other deposits are insured up to \$250,000 per institution. The balance, which was not covered by FDIC insurance at June 30, 2016 and 2015, was \$777,148 and \$700,771, respectively, which is collateralized through a repurchasing agreement between Community Action, Inc., and the financial institution.

NOTE 4 – GRANTS RECEIVABLE

Receivables, primarily representing funding under various grants or contracts for program expenditure reimbursements, are summarized as follows at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Crossroads – PCADV	\$ 61,570	\$ ---
CSBG	48,655	35,479
HFHADP – Disabled Housing	10,020	12,056
HSDf	3,122	1,908
Medical Transportation	---	126,129
PHARE	42,506	---
RSVP	3,121	---
Stewart McKinney	7,319	7,863
Work Ready Program	---	39,330
Victims of Crime Act	14,564	30,495
Weatherization (DOE)	22,212	71,680
WIOA/TANF (GECAC)	23,367	---
Weatherization (LIHEAP)	<u>4,989</u>	<u>20,593</u>
	<u>\$ 241,445</u>	<u>\$ 345,533</u>

NOTE 5 – INVESTMENTS

The fair values of marketable equity securities are based on quoted market prices. Investments as of June 30, 2016 and 2015, are composed of the following:

	2016	
	<u>Cost</u>	<u>Fair Value</u>
544 Shares Exxon Mobil Corporation	\$21,675	\$50,995

	2015	
	<u>Cost</u>	<u>Fair Value</u>
544 Shares Exxon Mobil Corporation	\$21,675	\$45,261

An unrealized gain/(loss) of \$5,734 and \$(9,509) was recognized for the year ended June 30, 2016 and 2015, respectively.

Components of net investment income include:

	<u>2016</u>	<u>2015</u>
Dividend income	\$ 1,599	\$ 1,523
Interest income on interest bearing cash	1,510	1,466
Unrealized holding gain/(loss)	<u>5,734</u>	(<u>9,509</u>)
	<u>\$ 8,843</u>	(<u>\$ 6,520</u>)

NOTE 6 – FAIR VALUE MEASUREMENT

The Organization applies GAAP for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP established a fair value hierarchy that prioritized the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three (3) levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following tables present assets that are measured at fair value on a recurring basis at June 30, 2016 and 2015:

	June 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements at Reporting Date Using	
			Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Shares	\$ <u>50,995</u>	\$ <u>50,995</u>	\$ <u>---</u>	\$ <u>---</u>

	June 30, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements at Reporting Date Using	
			Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Shares	\$ <u>45,261</u>	\$ <u>45,261</u>	\$ <u>---</u>	\$ <u>---</u>

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Land	\$ 62,765	\$ 62,765
Buildings and Improvements	712,188	647,528
Equipment	<u>247,073</u>	<u>247,073</u>
	1,022,026	957,366
Less: Accumulated Depreciation	(<u>488,123</u>)	(<u>464,233</u>)
Total Property and Equipment	<u>\$ 533,903</u>	<u>\$ 493,133</u>

Depreciation expense for the years ending June 30, 2016 and 2015, is \$23,889 and \$25,632, which includes \$13,438 and \$15,367 allocated to cost pools, respectively.

NOTE 8 – RESTRICTED NET ASSETS

Temporarily restricted assets at June 30, 2016 and 2015, are available for the following purposes:

	<u>2016</u>	<u>2015</u>
Contributions available for Crossroads program	\$ 36,163	\$ 43,570
Contributions available for Client Services	25,159	33,243
Contributions available for Friends for Food	<u>5,929</u>	<u>5,929</u>
	\$ <u>67,251</u>	\$ <u>82,742</u>

NOTE 9 – REVOLVING LINE OF CREDIT

Community Action, Inc., maintains an unsecured line of credit with First Commonwealth Bank as follows:

A \$500,000 line of credit, with an original date of August 18, 2009, bearing interest at 4.00 percent per annum and expiring on April 30, 2017. As of June 30, 2016 and 2015, there was no outstanding balance owed.

NOTE 10 – ACCRUED COMPENSATED ABSENCES

Employees earn compensated time off based on hours worked. Employees are permitted to carry over from one calendar year to the next a maximum of seventy-five (75) hours. Community Action, Inc. accrues these compensated absences at current pay rates. At June 30, 2016 and 2015, these accrued compensated absences were \$54,455 and \$59,344, respectively.

NOTE 11 – OPERATING LEASE COMMITMENTS

Community Action, Inc. has several operating lease agreements in effect as of the year ended June 30, 2016, for the lease of office space and other facilities. These lease agreements have various expiration dates with some continuing in effect on a month-to-month basis. Lease amounts range from \$125 per month to \$1,910 per month, depending on the facility.

Community Action, Inc. has several operating lease agreements in effect as of the year ended June 30, 2016, for the lease of office equipment. At the conclusion of these leases the equipment reverts to the lessor.

The following summarizes the future lease obligations for both the facility and equipment leases:

Year Ended June 30,	<u>Equipment</u>	<u>Facilities</u>
2017	\$ 2,076	\$ 8,458
2018	2,076	5,400
2019	2,076	---
2020	<u>173</u>	<u>---</u>
	<u>\$ 6,401</u>	<u>\$ 13,858</u>

The above schedule does not include facility or equipment leases that are on a month-to-month basis.

For the years ending June 30, 2016 and 2015, lease expenses for Facilities and Equipment was \$50,519 and \$48,719, respectively.

NOTE 12 – DONATED SERVICES AND MATERIALS

Contributed services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. In-kind contributions included in total contributed support for the years ended June 30, 2016 and 2015, consist of the following at fair market value at the date of donation:

	<u>2016</u>	<u>2015</u>
Adult Literacy classroom space	\$ 28,440	\$ 23,100
Food and program supplies	14,483	11,005
Donated technology	---	3,050
Donated services	36,304	1,294
Donated gift cards	2,570	---
Donated volunteer recognition	22,549	---
Donated land	<u>---</u>	<u>27,801</u>
Total Donated Services and Materials Revenue	\$ 104,346	\$ 66,250
Less: Donated Fixed Asset Contributions	(<u>---</u>)	(<u>27,800</u>)
Total Donated Services and Materials Expense	<u>\$ 104,346</u>	<u>\$ 38,450</u>

Additionally, Community Action, Inc. receives a significant amount of contributed time that does not meet the two (2) recognition criteria above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements. Volunteers supporting the Retired and Senior Volunteer Program provided approximately 53,925 and 47,055 hours of time as of June 30, 2016 and 2015.

NOTE 13 – CONCENTRATIONS

Community Action, Inc. received approximately forty-three percent (43%) and forty-two percent (42%) of its total revenue from two (2) grant programs for the years ended June 30, 2016 and 2015, respectively. If a significant reduction in this level of funding were to occur, Community Action, Inc.'s ability to carry out its program services would be significantly reduced.

NOTE 14 – INCOME TAXES

Community Action, Inc. is required to pay federal income taxes on profits earned by its information technology activities, an unrelated business. These activities had a profit of \$60,893 and \$36,717 for the years ended June 30, 2016 and 2015, thus the organization incurred \$10,223 and \$5,508 in federal unrelated business income tax, respectively.

NOTE 15 – FUNCTIONAL COSTING

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification.

NOTE 16 – SIMPLE PLAN

Effective July 1, 2000, a Simple IRA retirement plan was adopted. To be eligible, an employee must be reasonably expected to receive \$5,000 in compensation in the calendar year. Employee contributions will be matched dollar-for-dollar by employer contributions of not less than one percent (1%) and not more than three percent (3%) of employee's annual salary. Maximum salary reductions are \$12,500 for calendar year 2016. For employees age fifty (50) or older, the limit is \$15,500. For the years ending June 30, 2016 and 2015, employer contributions were \$32,364 and \$28,128, respectively.

NOTE 17 – SUPPLEMENTAL DISCLOSURES- PCADV

Interfund Borrowings

The lending of PCADV Contract Funds is prohibited by legal restrictions imposed by the Commonwealth of Pennsylvania and has not occurred during the year ended June 30, 2016.

Match Requirements

Community Action, Inc., is required by PCADV to raise monies within the community and spend amounts in excess of twenty percent (20%) of the contract. For the year ended June 30, 2016, Community Action, Inc., raised and spent match monies totaling approximately thirty-three percent (33%) of the contract to fulfill its obligation.

Domestic Violence Budget

For the year ended June 30, 2016, total domestic violence expenditures by Community Action, Inc. for domestic violence was \$531,771.

Interest Income

As required by contract terms, interest income earned on funds received under third-party reimbursement arrangements was used for contract related expenditures.

Federal Awards

Community Action, Inc., received, on an agency-wide basis, federal awards in excess of \$750,000 during the year ended June 30, 2016.

NOTE 18 - COMMITMENTS AND CONTINGENCIES

Grant Programs

Community Action, Inc. participates in state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Community Action, Inc. is potentially liable for any expenditure which may be disallowed pursuant to the terms 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 at June 30, 2016 and 2015.

Litigation

Community Action, Inc. is subject to certain legal proceedings and claims that arise in the ordinary course of business. In the opinion of management, the amount of any ultimate liability with respect to these actions will not materially affect the Community Action, Inc.'s financial statements as a result of operations.

NOTE 19 – SUBSEQUENT EVENTS

Community Action, Inc. plans to spend approximately \$79,320 on property expenditures during fiscal year 2017. These expenditures relate to repairs and renovations to the Grace Way and Beyer Avenue properties. The Organization also plans to spend approximately \$64,366 on equipment expenditures during the year ending June 30, 2017. These expenditures relate to copier, phone system, and service replacements.

Subsequent events were considered through September 8, 2016, the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

COMMUNITY ACTION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016
 (Page 1 of 2)

Grantor Program Title	Source Code	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning/Ending Dates	Program or Award Amount	Total Received For the Year	Accrued or (Deferred) Revenue at 7/1/2015	Revenue Recognized	Federal Expenditures	Accrued or (Deferred) Revenue at 6/30/2016
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>										
Transitional Housing	D	14.235	PA0320B3L021306	9/1/14-8/31/15	\$ 66,101	\$ 10,430	\$ 7,863	\$ 2,567	\$ 2,567	\$ -
Housing for Homeless and Disabled Persons	D	14.235	PA0310B3L021306	12/1/14-11/30/15	90,507	29,485	12,056	17,429	17,429	-
			Total CFDA #14.235			39,915	19,919	19,996	19,996	-
Transitional Housing	D	14.267	PA0320L3E021205	9/1/15-8/31/16	66,101	50,328	-	57,647	57,647	7,319
Housing for Homeless and Disabled Persons	D	14.267	PA0310L3E021205	12/1/15-11/30/16	89,995	49,384	-	59,404	59,404	10,020
			Total CFDA #14.267			99,712	-	117,051	117,051	17,339
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT										
						139,627	19,919	137,047	137,047	17,339
<u>U.S. DEPARTMENT OF JUSTICE</u>										
Passed Through the Pennsylvania Commission on Crime and Delinquency:										
Crime Victim Assistance	I	16.575	2013-2015-VF-05-24278	7/1/13-6/30/16	47,387	61,745	12,693	50,813	50,813	1,761
Crime Victim Assistance	I	16.575	2013-2015-VF-05-24299	7/1/13-6/30/16	72,305	83,492	17,802	78,493	78,493	12,803
TOTAL U.S. DEPARTMENT OF JUSTICE										
						145,237	30,495	129,306	129,306	14,564
<u>U.S. DEPARTMENT OF EDUCATION</u>										
Passed Through the Pennsylvania Department of Education:										
Adult Education Section 231	I	84.002	064-15-0011	7/1/15-6/30/16	69,503	69,503	-	69,503	69,503	-
TOTAL U.S. DEPARTMENT OF EDUCATION										
						69,503	-	69,503	69,503	-
<u>U.S. DEPARTMENT OF LABOR</u>										
Passed Through the Greater Erie Community Action Committee:										
WIAWIOA Cluster:										
WIAWIOA Adult Program	I	17.258	317015	9/14/15-6/30/16	40,471	9,060	-	13,147	13,147	4,087
WIAWIOA Youth Activities (ISY)	I	17.259	306015	9/14/15-6/30/16	10,634	4,870	-	8,214	8,214	3,344
WIAWIOA Youth Activities (OSY)	I	17.259	306115	9/14/15-6/30/16	30,806	29,470	-	35,096	35,096	5,626
			Total CFDA #17.259			34,340	-	43,310	43,310	8,970
WIAWIOA Dislocated Worker Formula Grant	I	17.278	342015	9/14/15-6/30/16	39,950	35,269	-	44,764	44,764	9,495
Total WIAWIOA Cluster										
						78,669	-	101,221	101,221	22,552
TOTAL U.S. DEPARTMENT OF LABOR										
						78,669	-	101,221	101,221	22,552
<u>U.S. DEPARTMENT OF ENERGY</u>										
Passed Through the Pennsylvania Department of Community and Economic Development:										
Weatherization Assistance for Low-Income Persons:										
WX-DOE (15/16)	I	81.042	C000055947	7/1/13-6/30/17	306,245	96,807	-	119,019	119,019	22,212
WX-DOE (14/15)	I	81.042	C000055947	7/1/13-6/30/17	241,892	71,680	71,680	-	-	-
TOTAL U.S. DEPARTMENT OF ENERGY										
						168,487	71,680	119,019	119,019	22,212

COMMUNITY ACTION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016
 (Page 2 of 2)

Grantor Program Title	Source Code	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning/Ending Dates	Program or Award Amount	Total Received For the Year	Accrued or (Deferred) Revenue at 7/1/2015	Revenue Recognized	Federal Expenditures	Accrued or (Deferred) Revenue at 6/30/2016
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES										
Passed Through the Pennsylvania Department of Community and Economic Development:										
Community Services Block Grant	I	93.569	C000057048	1/1/14-12/31/16	250,000	83,462	-	132,117	132,117	48,655
Community Services Block Grant	I	93.569	C000057048	1/1/14-12/31/16	187,500	145,564	35,479	110,085	110,085	-
						229,026	35,479	242,202	242,202	48,655
Low-Income Home Energy Assistance Program (Carryover)	I	93.568	C000055947	7/1/13-9/30/17	361,720	328,310	-	328,310	328,310	-
Low-Income Home Energy Assistance Program (14/15)	I	93.568	C000055947	7/1/13-6/30/17	361,720	101,352	20,593	80,759	80,759	-
Low-Income Home Energy Assistance Program (15/16)	I	93.568	C000061719	10/1/15-9/30/20	42,166	2,521	-	7,510	7,510	4,989
						432,183	20,593	416,579	416,579	4,989
Passed Through the Pennsylvania Department of Human Services:										
Work Ready (14/15)	I	93.558	4100064833	10/1/14-9/30/15	144,536	73,064	39,330	33,734	33,734	-
Work Ready (15/16)	I	93.558	4100064833	10/1/15-9/30/16	144,536	105,528	-	98,647	98,647	(6,881)
						178,592	39,330	132,381	132,381	(6,881)
Passed Through the Greater Erie Community Action Committee:										
TANF	I	93.558	302015	9/14/15-6/30/16	35,066	8,791	-	9,606	9,606	815
			Total CFDA #93.558			187,383	39,330	141,987	141,987	(6,066)
Passed Through the Pennsylvania Coalition Against Domestic Violence (PCADV):										
Social Services Block Grant	I	93.667	52-33	7/1/15-6/30/16	11,142	9,157	-	11,142	11,142	1,985
Social Services Block Grant	I	93.667	52-33	7/1/15-6/30/16	16,279	13,014	-	15,834	15,834	2,820
						22,171	-	26,976	26,976	4,805
Family Violence Prevention Services	I	93.671	52-33	7/1/15-6/30/16	102,860	77,299	-	94,051	94,051	16,752
Passed Through the Jefferson County Commissioners:										
Medical Assistance Transportation Program	I	93.778	SAP 159000	7/1/15-6/30/16	798,565	831,704	60,609	754,259	754,259	(16,836)
						1,779,766	156,011	1,676,054	1,676,054	52,299
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES										
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:										
Retired Senior and Volunteer Program - RSV/P	D	94.002	13SRAPA009	7/1/13-6/30/16	60,847	57,726	-	60,847	60,847	3,121
						57,726	-	60,847	60,847	3,121
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE										
TOTAL FEDERAL ASSISTANCE										
						\$ 2,439,015	\$ 278,105	\$ 2,292,997	\$ 2,292,997	\$ 132,087

Source Code: I - Indirect D - Direct

NOTE: Community Action, Inc. did not provide federal funds to subrecipients during the year ended June 30, 2016.

COMMUNITY ACTION, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2016

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Community Action, Inc., 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 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 B – INDIRECT COST RATE

For the year ended June 30, 2016, Community Action, Inc. did not elect to use the ten percent (10%) de minimus indirect cost rate as allowed in the Uniform Guidance, section 414.

NOTE C – AMOUNTS PASSED TO SUBRECIPIENTS

Community Action, Inc. did not provide federal awards to subrecipients during the year ended June 30, 2016.

NOTE D – MAJOR PROGRAM DETERMINATION

The major federal award programs selected for testing as determined by the auditor on a risk-based approach are as follows:

Programs	CFDA #	Expenditures
Medical Assistance Transportation Program	93.778	\$ <u>754,259</u>
Total federal awards selected for testing		\$ 754,259
Total federal program awards		\$ <u>2,292,997</u>
Percentage of total federal expenditures tested		<u>32.89%</u>
Percentage of total federal expenditures required to be tested		<u>20.00%</u>

**INDEPENDENT ACCOUNTANTS' REPORT ON
 APPLYING AGREED-UPON PROCEDURES**

September 8, 2016

Board of Directors
 Community Action, Inc.
 105 Grace Way
 Punxsutawney, Pennsylvania 15767-1209

We have performed the procedures enumerated below, which were agreed to by the Commonwealth of Pennsylvania, Department of Human Services (DHS) and Community Action, Inc., solely to assist you with respect to the financial schedules and exhibits required by the DHS Single Audit Supplement. Community Action, Inc.'s management is responsible for the company's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

- a) We have verified by comparison of the amounts and classifications that the supplemental financial schedules listed below, which summarize amounts reported to DHS for fiscal year ended June 30, 2016, have been accurately compiled and reflect the audited books and records of Community Action, Inc. We have also verified by comparison to the example schedules that these schedules are presented, at a minimum, at the level of detail and in the format required by the DHS Single Audit Supplement pertaining to this period.

<u>Program Name</u>	<u>Page Number</u>	<u>Referenced Schedule/Exhibit</u>
Block Grant	28	Budget Comparison Statement – Grant #57048
	29	Budget Comparison Statement – Grant #57048
Low Income Home Energy Assistance Program (LIHEAP)	30	Budget Comparison Statement – Grant #55947
Low Income Home Energy Assistance Program (LIHEAP)	31	Budget Comparison Statement – Grant #61719
DOE	32	Budget Comparison Statement
Adult Education Program	33	Revenue and Expenses

Retired and Senior Volunteer Program	34	Revenue and Expenses
Medical Assistance Transportation Program	35	Revenue and Expenses
Homeless Assistance Program	36	Revenue and Expenses
Supportive Housing Program	37	Budget to Actual Report – Contract PA0310L3E021306
	38	Budget to Actual Report – Contract PA0310L3E021407
	39	Budget to Actual Report – Contract PA0320L3E021306
	40	Budget to Actual Report – Contract PA0320L3E021407
Crime Victim Assistance	41	Schedule of Budgeted, Reported and Allowable Costs - Clearfield
	42	Schedule of Budgeted, Reported and Allowable Costs – Jefferson
PCADV – Contract #5233	43	Budgeted, Reported and Allowable Costs – Title XX
	44	Budgeted, Reported and Allowable Costs – Act 44
	45	Budgeted, Reported, and Allowable Costs – FVPS
	46	Budgeted, Reported, and Allowable Costs – SSBG Relocation
	47	Budgeted, Report, and Allowable Costs – Act 222
	48	Combined Budgeted, Reported, and Allowable Costs – Funding Reconciliation
	49	Schedule of Revenues
Work Ready Program	50	Budget Comparison Statement
	51	Budget Comparison Statement

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

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

This report is intended solely for the information and use of Community Action, Inc. and the Department of Human Services and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.



WESSEL & COMPANY
Certified Public Accountants

**COMMUNITY ACTION, INC.
 BUDGET COMPARISON STATEMENT
 DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
 COMMUNITY SERVICES BLOCK GRANT #C000057048
 YEAR ENDED JUNE 30, 2016**

BUDGET CATEGORY	<u>Approved Budget</u>	<u>Contract Period Expenditures</u>	<u>Questioned Costs</u>
OPERATING COSTS			
Salaries and Fringes	\$ 143,114	\$ 107,034	\$ -
Consumable Supplies	915	583	-
Travel	7,375	3,958	-
Advertising	310	155	-
Office Equipment	2,000	-	-
Space Costs	7,590	4,950	-
Audit	1,591	1,591	-
Total Operating Costs	<u>162,895</u>	<u>118,271</u>	<u>-</u>
RELATED COSTS			
Professional Services	3,250	-	-
Insurance	545	413	-
Legal	-	-	-
Total Related Costs	<u>3,795</u>	<u>413</u>	<u>-</u>
OTHER COSTS			
Other	<u>20,810</u>	<u>13,433</u>	<u>-</u>
Total Other Costs	<u>20,810</u>	<u>13,433</u>	<u>-</u>
Total	<u>\$ 187,500</u>	<u>\$ 132,117</u>	<u>\$ -</u>

NOTE: The Community Services Block Grant Program contract period is from January 1, 2016 through December 31, 2016. The expenditures above are for the period January 1, 2016 through June 30, 2016.

COMMUNITY ACTION, INC.
BUDGET COMPARISON STATEMENT
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
COMMUNITY SERVICES BLOCK GRANT #C000057048
YEAR ENDED JUNE 30, 2016

BUDGET CATEGORY	<u>Approved Budget</u>	<u>Contract Period Expenditures</u>	<u>Questioned Costs</u>
OPERATING COSTS			
Salaries and Fringes	\$ 204,897	\$ 96,604	\$ -
Consumable Supplies	832	365	-
Travel	4,955	1,796	-
Advertising	146	74	-
Space Costs	8,745	3,431	-
Audit	3,480	-	-
	<u>223,055</u>	<u>102,270</u>	<u>-</u>
Total Operating Costs	<u>223,055</u>	<u>102,270</u>	<u>-</u>
RELATED COSTS			
Professional Services	160	4	-
Insurance	1,054	343	-
Legal	-	-	-
	<u>1,214</u>	<u>347</u>	<u>-</u>
Total Related Costs	<u>1,214</u>	<u>347</u>	<u>-</u>
OTHER COSTS			
Other	<u>25,731</u>	<u>7,468</u>	<u>-</u>
Total Other Costs	<u>25,731</u>	<u>7,468</u>	<u>-</u>
Total	<u><u>\$ 250,000</u></u>	<u><u>\$ 110,085</u></u>	<u><u>\$ -</u></u>

NOTE: The Community Services Block Grant Program contract period is from January 1, 2015 through December 31, 2015. The expenditures above are for the period July 1, 2015 through December 31, 2015.

COMMUNITY ACTION, INC.
BUDGET COMPARISON STATEMENT
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
WEATHERIZATION CONTRACT #C000055947 (LIHEAP)
YEAR ENDED JUNE 30, 2016

BUDGET CATEGORY	Final Approved Budget	Current Fiscal Period Expenditures	Questioned Costs
ADMINISTRATION			
Personnel	\$ 4,828	\$ -	\$ -
Operating/supplies	19,473	-	-
Office equipment	501	-	-
Total Administration	<u>24,802</u>	<u>-</u>	<u>-</u>
FINANCIAL AUDIT	<u>6,534</u>	<u>-</u>	<u>-</u>
DIRECT SERVICES			
Program support	175,389	35,004	-
Program operations	369,063	41,771	-
Total Direct Services	<u>544,452</u>	<u>76,775</u>	<u>-</u>
HEALTH AND SAFETY	<u>4,500</u>	<u>3,241</u>	<u>-</u>
LIABILITY INSURANCE	<u>1,307</u>	<u>743</u>	<u>-</u>
Total	<u>\$ 581,595</u>	<u>\$ 80,759</u>	<u>\$ -</u>

NOTE: The contract period for the Weatherization (LIHEAP) Program is July 1, 2013 through June 30, 2016. The expenditures above are for the period July 1, 2015 through June 30, 2016. The budget shown is for the entire contract period.

COMMUNITY ACTION, INC.
BUDGET COMPARISON STATEMENT
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
WEATHERIZATION CONTRACT #C000061719 (LIHEAP)
YEAR ENDED JUNE 30, 2016

BUDGET CATEGORY	Final Approved Budget	Current Fiscal Period Expenditures	Questioned Costs
ADMINISTRATION			
Personnel	\$ 667	\$ 491	\$ -
Operating/supplies	11,938	8,023	-
Office equipment	-	-	-
Total Administration	<u>12,605</u>	<u>8,514</u>	<u>-</u>
FINANCIAL AUDIT	<u>2,839</u>	<u>2,839</u>	<u>-</u>
DIRECT SERVICES			
Program support	43,869	43,088	-
Program operations	299,944	280,950	-
Total Direct Services	<u>343,813</u>	<u>324,038</u>	<u>-</u>
HEALTH AND SAFETY	<u>2,000</u>	<u>148</u>	<u>-</u>
LIABILITY INSURANCE	<u>463</u>	<u>281</u>	<u>-</u>
Total	<u><u>\$ 361,720</u></u>	<u><u>\$ 335,820</u></u>	<u><u>\$ -</u></u>

NOTE: The contract period for the Low Income Home Energy Assistance Program is July 1, 2015 through September 30, 2020. The expenditures above are for the period October 1, 2015 through June 30, 2016.

COMMUNITY ACTION, INC.
BUDGET COMPARISON STATEMENT
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
WEATHERIZATION CONTRACT #C000055947 (DOE)
YEAR ENDED JUNE 30, 2016

BUDGET CATEGORY	Final Approved Budget	Current Fiscal Period Expenditures	Questioned Costs
ADMINISTRATION			
Personnel	\$ 901	\$ 407	\$ -
Operating/supplies	20,959	10,414	-
Office equipment	-	-	-
Total Administration	<u>21,860</u>	<u>10,821</u>	<u>-</u>
FINANCIAL AUDIT	<u>1,949</u>	<u>1,949</u>	<u>-</u>
DIRECT SERVICES			
Program support	119,153	97,982	-
Program operations	<u>142,783</u>	<u>6,272</u>	<u>-</u>
Total Direct Services	<u>261,936</u>	<u>104,254</u>	<u>-</u>
HEALTH AND SAFETY	<u>19,000</u>	<u>914</u>	<u>-</u>
LIABILITY INSURANCE	<u>1,500</u>	<u>1,081</u>	<u>-</u>
Total	<u><u>\$ 306,245</u></u>	<u><u>\$ 119,019</u></u>	<u><u>\$ -</u></u>

NOTE: The contract period for the Weatherization (DOE) Program is July 1, 2013 through June 30, 2017. The expenditures above are for the period July 1, 2015 through June 30, 2016. The budget shown is for the entire contract period.

COMMUNITY ACTION, INC.
SCHEDULE OF REVENUE AND EXPENSES
DEPARTMENT OF EDUCATION - ADULT EDUCATION PROGRAMS
CONTRACT #64-11-0011
YEAR ENDED JUNE 30, 2016

	Adult Education Programs	
	Adult Literacy Programs	
	Act 143	Section 231
	64-16-0011	64-16-0011
REVENUE		
Grant income	\$ 75,000	\$ 69,503
EXPENSES		
Salaries	48,796	45,815
Benefits	12,813	11,388
Professional and technical fees	2,945	2,694
Purchased property services	5,016	4,484
Other purchased services	3,545	3,030
Supplies	1,885	2,092
	<u>75,000</u>	<u>69,503</u>
Due to Funding Source	<u>\$ -</u>	<u>\$ -</u>

**COMMUNITY ACTION, INC.
SCHEDULE OF REVENUE AND EXPENSES
RETIRED AND SENIOR VOLUNTEER PROGRAM
CONTRACT #13SRAPA009
YEAR ENDED JUNE 30, 2016**

REVENUE		
Grant income		\$ 60,847
VOLUNTEER SUPPORT EXPENSES		
Salaries and wages	\$ 37,277	
Fringe benefits	4,637	
Travel	3,702	
Supplies	1,163	
Other volunteer support costs	9,621	
Contractual & Consultant Services	<u>406</u>	
Total Volunteer Support Expenses		<u>56,806</u>
VOLUNTEER COSTS		
Volunteer recognition	1,887	
Insurance	<u>2,154</u>	
Total Volunteer Costs		<u>4,041</u>
Total Program		<u>60,847</u>
Due to (from) Funding Source		<u><u>\$ -</u></u>

NOTE: The program contract period is from July 1, 2013 through June 30, 2016. The match was met with local donations and community funds.

**COMMUNITY ACTION, INC.
SCHEDULE OF REVENUE AND EXPENSES
MEDICAL ASSISTANCE TRANSPORTATION PROGRAM
CONTRACT #SAP 159000**

County: Jefferson	Year Ended	June 30, 2016
	<u>Reported</u>	<u>Actual</u>
SERVICE DATA		
Expenditures:		
Group I Clients	\$ 1,508,523	\$ 1,508,523
Group II Clients	<u>63</u>	<u>63</u>
Total Expenditures	<u>1,508,586</u>	<u>1,508,586</u>
ALLOCATION DATA		
Revenues:		
Department of Public Welfare	1,508,519	1,508,519
Interest Income	<u>69</u>	<u>69</u>
Total Revenues	<u>1,508,588</u>	<u>1,508,588</u>
Funds Expended:		
Operating Costs	1,156,252	1,156,252
Administrative Costs	<u>352,336</u>	<u>352,336</u>
Total Funds Expended	<u>1,508,588</u>	<u>1,508,588</u>
Excess Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>

**COMMUNITY ACTION, INC.
SCHEDULE OF REVENUE AND EXPENSES
HOMELESS ASSISTANCE PROGRAM
CONTRACT #SAP 159000
YEAR ENDED JUNE 30, 2016**

SOURCES OF FUNDING

DPW allocation	\$ 29,664
Interest earned	4
	4
Total HAP Funding	29,668

EXPENSES	<u>Administration</u>	<u>Case Management</u>	<u>Rental Assistance</u>	<u>Total</u>
Personnel	\$ 68	\$ 12,287	\$ -	\$ 12,355
Operating	1,308	5,430	-	6,738
Purchased Services	-	-	10,575	10,575
Subtotal	\$ 1,376	\$ 17,717	\$ 10,575	29,668
Total HAP Expenses				29,668
Total Unexpected Funds				\$ -

**COMMUNITY ACTION, INC.
SCHEDULE OF REVENUE AND EXPENSES
SUPPORTIVE HOUSING PROGRAM -
HOUSING FOR HOMELESS AND DISABLED PERSONS
CONTRACT #PA0310L3E021306
YEAR ENDED JUNE 30, 2016**

	Budget	Actual
REVENUE		
Grant income	\$ 90,507	\$ 17,429
EXPENSES		
Administrative	5,706	1,214
Leasing	61,301	16,058
Supportive services	23,500	157
Total Expenses	90,507	17,429
Due to Funding Source	\$ -	\$ -

NOTE: The Supportive Housing Program #PA0310B3L021306 contract period is December 1, 2014, through November 30, 2015. The expenditures above are for the period July 1, 2015 through November 30, 2015. The budget is for the entire contract period.

**COMMUNITY ACTION, INC.
SCHEDULE OF REVENUE AND EXPENSES
SUPPORTIVE HOUSING PROGRAM -
HOUSING FOR HOMELESS AND DISABLED PERSONS
CONTRACT #PA0310L3E021407
YEAR ENDED JUNE 30, 2016**

	Budget	Actual
REVENUE		
Grant income	\$ 89,955	\$ 59,404
EXPENSES		
Administrative	5,633	5,580
Leasing	61,914	37,901
Supportive services	22,408	15,923
	89,955	59,404
Due to Funding Source	\$ -	\$ -

NOTE: The Supportive Housing Program #PA0310L3E021407 contract period is December 1, 2015 through November 30, 2016. The expenditures above are for the period December 1, 2015 through June 30, 2016. The budget is for the entire contract period.

**COMMUNITY ACTION, INC.
SCHEDULE OF REVENUE AND EXPENSES
SUPPORTIVE HOUSING PROGRAM -
TRANSITIONAL HOUSING
CONTRACT #PA0320L3E021306
YEAR ENDED JUNE 30, 2016**

	Budget	Actual
REVENUE		
Grant income	\$ 66,101	\$ 2,567
EXPENSES		
Administrative	4,324	197
Leasing	7,020	730
Direct operating	14,843	-
Supportive services	39,914	1,640
Total Expenses	66,101	2,567
Due to Funding Source	\$ -	\$ -

NOTE: The Supportive Housing Program #PA0320L3E021306 contract period is September 1, 2014, through August 31, 2015. The expenditures above are for the period July 1, 2015 through August 31, 2015. The budget is for the entire contract period.

**COMMUNITY ACTION, INC.
SCHEDULE OF REVENUE AND EXPENSES
SUPPORTIVE HOUSING PROGRAM -
TRANSITIONAL HOUSING
CONTRACT #PA0320L3E021407
YEAR ENDED JUNE 30, 2016**

	Budget	Actual
REVENUE		
Grant income	\$ 66,101	\$ 57,647
EXPENSES		
Administrative	4,324	4,324
Leasing	7,020	6,290
Direct operating	14,843	12,713
Supportive services	39,914	34,320
Total Expenses	66,101	57,647
Due to Funding Source	\$ -	\$ -

NOTE: The Supportive Housing Program #PA0320L3E021407 contract period is September 1, 2015 through August 31, 2016. The expenditures above are for the period September 1, 2015, through June 30, 2016. The budget is for the entire contract period.

COMMUNITY ACTION, INC.
SCHEDULE OF BUDGETED, REPORTED, AND ALLOWABLE COSTS WITH
FUNDING RECONCILIATION FOR CRIME VICTIM ASSISTANCE
SUBGRANT #2013-2015-VF05-24299 CLEARFIELD
YEAR ENDED JUNE 30, 2016

BUDGET CATEGORY	<u>Approved Budget</u>	<u>Reported Costs</u>	<u>Questioned Costs</u>
Personnel	\$ 43,741	\$ 49,858	\$ -
Employee benefits	16,392	16,589	-
Travel	345	1,070	-
Supplies / operating	<u>11,827</u>	<u>10,976</u>	<u>-</u>
	<u>\$ 72,305</u>	<u>\$ 78,493</u>	<u>\$ -</u>

NOTE: The Crime Victim Assistance Subgrant - Clearfield contract period is from July 1, 2013 through June 30, 2016.

COMMUNITY ACTION, INC.
SCHEDULE OF BUDGETED, REPORTED, AND ALLOWABLE COSTS WITH
FUNDING RECONCILIATION FOR CRIME VICTIM ASSISTANCE
SUBGRANT #2013-2015-VF05-24278 JEFFERSON
YEAR ENDED JUNE 30, 2016

BUDGET CATEGORY	<u>Approved Budget</u>	<u>Reported Costs</u>	<u>Questioned Costs</u>
Personnel	\$ 28,749	\$ 33,627	\$ -
Employee benefits	11,278	11,411	-
Travel	149	263	-
Supplies/operating	<u>7,211</u>	<u>5,512</u>	<u>-</u>
	<u>\$ 47,387</u>	<u>\$ 50,813</u>	<u>\$ -</u>

NOTE: The Crime Victim Assistance Subgrant - Jefferson contract period is from July 1, 2013 through June 30, 2016.

COMMUNITY ACTION, INC.
SCHEDULE OF BUDGETED, REPORTED, AND ALLOWABLE COSTS WITH
TITLE XX PCADV CONTRACT #5233
YEAR ENDED JUNE 30, 2016

BUDGET CATEGORY	Allowable Costs Per Audit				
	Approved Budget	Reported Costs	Total	(Over) Under Budget	Questioned Costs
TITLE XX					
Personnel					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -
Total Personnel	-	-	-	-	-
Operations:					
Food	445	-	-	445	-
Postage	799	799	799	-	-
Printing	772	772	772	-	-
Professional Fees	9,713	9,713	9,713	-	-
Supplies	4,550	4,550	4,550	-	-
Total Operations	16,279	15,834	15,834	445	-
Total	\$ 16,279	\$ 15,834	\$ 15,834	\$ 445	\$ -

COMMUNITY ACTION, INC.
SCHEDULE OF BUDGETED, REPORTED, AND ALLOWABLE COSTS WITH
ACT 44 PCADV CONTRACT #5233
YEAR ENDED JUNE 30, 2016

BUDGET CATEGORY	Allowable Costs Per Audit				
	Approved Budget	Reported Costs	Total	(Over) Under Budget	Questioned Costs
ACT 44					
Personnel					
Salaries	120,617.00	120,617.00	120,617.00	0.00	0.00
Benefits	37,525.00	37,525.00	37,525.00	0.00	0.00
Total Personnel	<u>158,142.00</u>	<u>158,142.00</u>	<u>158,142.00</u>	<u>0.00</u>	<u>0.00</u>
Operations:					
Communications	9,062.00	9,062.00	9,062.00	0.00	0.00
Equipment Maintenance	146.00	146.00	146.00	0.00	0.00
Insurance	298.00	298.00	298.00	0.00	0.00
Maintenance	1,452.00	1,452.00	1,452.00	0.00	0.00
Postage	274.00	273.62	273.62	0.38	0.00
Printing	1,852.00	1,852.00	1,852.00	0.00	0.00
Professional Fees	31,076.00	23,579.15	23,579.15	7,496.85	0.00
Staff Development	250.00	250.00	250.00	0.00	0.00
Supplies	17,700.00	17,696.21	17,696.21	3.79	0.00
Travel	8,997.00	8,997.00	8,997.00	0.00	0.00
Utilities	1,923.00	1,923.00	1,923.00	0.00	0.00
Total Operations	<u>73,030.00</u>	<u>65,528.98</u>	<u>65,528.98</u>	<u>7,501.02</u>	<u>0.00</u>
Total	<u>231,172.00</u>	<u>223,670.98</u>	<u>223,670.98</u>	<u>7,501.02</u>	<u>0.00</u>

COMMUNITY ACTION, INC.
SCHEDULE OF BUDGETED, REPORTED, AND ALLOWABLE COSTS WITH
FVPS PCADV CONTRACT #5233
YEAR ENDED JUNE 30, 2016

BUDGET CATEGORY	Allowable Costs Per Audit				
	Approved Budget	Reported Costs	Total	(Over) Under Budget	Questioned Costs
FVPS					
Personnel					
Salaries	28,845.00	28,845.00	28,845.00	0.00	0.00
Benefits	7,879.00	7,879.00	7,879.00	0.00	0.00
Total Personnel	<u>36,724.00</u>	<u>36,724.00</u>	<u>36,724.00</u>	<u>0.00</u>	<u>0.00</u>
Operations:					
Communications	1,000.00	1,000.00	1,000.00	0.00	0.00
Insurance	3,776.00	3,477.30	3,477.30	298.70	0.00
Memberships	55.00	55.00	55.00	0.00	0.00
Professional Fees	43,495.00	34,984.35	34,984.35	8,510.65	0.00
Rent	10,623.00	10,623.00	10,623.00	0.00	0.00
Staff Development	410.00	410.00	410.00	0.00	0.00
Supplies	993.00	993.00	993.00	0.00	0.00
Travel	511.00	511.00	511.00	0.00	0.00
Utilities	5,273.00	5,273.00	5,273.00	0.00	0.00
Total Operations	<u>66,136.00</u>	<u>57,326.65</u>	<u>57,326.65</u>	<u>8,809.35</u>	<u>0.00</u>
Total	<u><u>102,860.00</u></u>	<u><u>94,050.65</u></u>	<u><u>94,050.65</u></u>	<u><u>8,809.35</u></u>	<u><u>0.00</u></u>

COMMUNITY ACTION, INC.
SCHEDULE OF BUDGETED, REPORTED, AND ALLOWABLE COSTS WITH
SSBG RELOCATION PCADV CONTRACT #5233
YEAR ENDED JUNE 30, 2016

BUDGET CATEGORY	Allowable Costs Per Audit				
	Approved Budget	Reported Costs	Total	(Over) Under Budget	Questioned Costs
SSBG RELOCATION					
Operational relocation expense	\$ 11,142	\$ 11,142	\$ 11,142	\$ -	\$ -
Program totals	\$ 11,142	\$ 11,142	\$ 11,142	\$ -	\$ -

COMMUNITY ACTION, INC.
SCHEDULE OF BUDGETED, REPORTED, AND ALLOWABLE COSTS WITH
ACT 222 PCADV CONTRACT #5233
YEAR ENDED JUNE 30, 2016

BUDGET CATEGORY	Allowable Costs Per Audit				
	Approved Budget	Reported Costs	Total	(Over) Under Budget	Questioned Costs
ACT 222					
OPERATIONS					
Food	1,089.00	982.65	982.65	106.35	0.00
Program totals	1,089.00	982.65	982.65	106.35	0.00

**COMMUNITY ACTION, INC.
 COMBINED SCHEDULE OF BUDGETED, REPORTED, AND
 ALLOWABLE COSTS WITH FUNDING RECONCILIATION
 PCADV CONTRACT #5233
 YEAR ENDED JUNE 30, 2016**

			Allowable Costs Per Audit		
	Approved Budget	Reported Costs	Total	(Over) Under Budget	Questioned Costs
BUDGET CATEGORIES					
TITLE XX					
Operations	16,279.00	15,834.00	15,834.00	445.00	0.00
ACT 44					
Personnel	158,142.00	158,142.00	158,142.00	0.00	0.00
Operations	73,030.00	65,528.98	65,528.98	7,501.02	0.00
ACT 222					
Operations	1,089.00	982.65	982.65	106.35	0.00
FVPS					
Personnel	36,724.00	36,724.00	36,724.00	0.00	0.00
Operations	66,136.00	57,326.65	57,326.65	8,809.35	0.00
SSBG RELOCATION					
Operations	11,142.00	11,142.00	11,142.00	0.00	0.00
	362,542.00	345,680.28	345,680.28	16,861.72	0.00
FUNDING RECONCILIATION					
Approved contract received as of June 30, 2016				284,110.82	
Approved contract receivable at June 30, 2016				61,570.15	345,680.97
Allowable Costs					
Approved				284,110.82	
Questioned				0.00	284,110.82
Due to (from) PCADV					\$ 61,570.15

**COMMUNITY ACTION, INC.
SCHEDULE OF REVENUES
PCADV CONTRACT #5233
YEAR ENDED JUNE 30, 2016**

Received during:

July	0.00
August	0.00
September	0.00
October	0.00
November	0.00
December	50,846.00
January	116,816.00
February	20,280.82
March	25,820.00
April	9,394.00
May	23,614.00
June	<u>37,340.00</u>

284,110.82

Receivable at June 30:

0.00

Total

284,110.82

**COMMUNITY ACTION, INC.
 BUDGET COMPARISON STATEMENT
 DEPARTMENT OF PUBLIC WELFARE
 WORK READY PROGRAM #4100064833
 YEAR ENDED JUNE 30, 2016**

	<u>Approved Budget</u>	<u>Contract Period Expenditures</u>	<u>Questioned Costs</u>
Administration			
Personnel	\$ 2,919	\$ 506	\$ -
Operating Expenses	<u>11,534</u>	<u>(825)</u>	<u>-</u>
Total Administration	<u>14,453</u>	<u>(319)</u>	<u>-</u>
PROGRAM COSTS			
Personnel	96,079	25,323	-
Equipment and Supplies	5,885	4,152	-
Operating Expenses	20,256	3,681	-
Other Expenses	<u>7,863</u>	<u>900</u>	<u>-</u>
Total Program Costs	<u>130,083</u>	<u>34,056</u>	<u>-</u>
	<u>\$ 144,536</u>	<u>\$ 33,737</u>	<u>\$ -</u>

NOTE: The Work Ready contact period is from October 1, 2014, through September 30, 2015. The expenditures above are for the period July 1, 2015 through September 30, 2015. The budget is for the entire contract period.

**COMMUNITY ACTION, INC.
 BUDGET COMPARISON STATEMENT
 DEPARTMENT OF PUBLIC WELFARE
 WORK READY PROGRAM #4100064833
 YEAR ENDED JUNE 30, 2016**

	<u>Approved Budget</u>	<u>Contract Period Expenditures</u>	<u>Questioned Costs</u>
Administration			
Personnel	\$ 3,585	\$ 4,064	\$ -
Operating Expenses	<u>10,868</u>	<u>7,826</u>	<u>-</u>
Total Administration	<u>14,453</u>	<u>11,890</u>	<u>-</u>
PROGRAM COSTS			
Personnel	96,553	69,200	-
Equipment and Supplies	3,382	558	-
Operating Expenses	20,298	11,463	-
Other Expenses	<u>9,850</u>	<u>5,536</u>	<u>-</u>
Total Program Costs	<u>130,083</u>	<u>86,757</u>	<u>-</u>
	<u><u>\$ 144,536</u></u>	<u><u>\$ 98,647</u></u>	<u><u>\$ -</u></u>

NOTE: The Work Ready contact period is from October 1, 2015, through September 30, 2016. The expenditures above are for the period October 1, 2015 through June 30, 2016. The budget is for the entire contract period.

INDEPENDENT AUDITORS' 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

September 8, 2016

Board of Directors
Community Action, Inc.
105 Grace Way
Punxsutawney, Pennsylvania 15767-1209

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, audit guidelines issued by the Pennsylvania Department of Human Services; and audit guidelines issued by the Pennsylvania Coalition Against Domestic Violence, the financial statements of Community Action, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 8, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Action, Inc.'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 Community Action, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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



WESSEL & COMPANY
Certified Public Accountants

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

September 8, 2016

Board of Directors
Community Action, Inc.
105 Grace Way
Punxsutawney, Pennsylvania 15767-1209

Report on Compliance for Each Major Federal Program

We have audited Community Action, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Community Action, Inc.'s major federal programs for the year ended June 30, 2016. Community Action, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Community Action, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Action, Inc.'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 Community Action, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Community Action, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of Community Action, Inc. 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 Community Action, Inc.'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 Community Action, Inc.'s internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.*

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

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

A handwritten signature in blue ink that reads "Wessel & Company". The signature is written in a cursive, flowing style.

WESSEL & COMPANY
Certified Public Accountants

COMMUNITY ACTION, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 JUNE 30, 2016

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 weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes 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 2 CFR 200.516(a)?

Yes No

Identification of major federal programs:
CFDA Number(s)

Name of Federal Program or Cluster

93.778

Medical Assistance Transportation Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes No

FINDINGS – FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

COMMUNITY ACTION, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

JUNE 30, 2015

NONE

COMMUNITY ACTION, INC.

CORRECTIVE ACTION PLAN

JUNE 30, 2016

NONE NECESSARY

COMMUNITY ACTION, INC.
POST-AUDIT CONFERENCE
JUNE 30, 2016

This memo will serve as written notification that a post-audit conference was held between Community Action, Inc. and Wessel & Company.

Date: September 8, 2016

Time: 3:30 P.M.

Place: Community Action, Inc. offices



Signature of Auditor



Signature of Director