



FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

**COMMUNITY ACTION, INC.
FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

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INDEPENDENT AUDITOR'S REPORT

October 10, 2018

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, 2018 and 2017, 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, 2018 and 2017, 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 Expenditures of Federal Awards on pages 51 and 52 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 26 through 49, 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 October 10, 2018, 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, 2018 AND 2017

	2018	2017
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 949,359	\$ 453,618
Grants receivable	331,972	265,400
Other receivables	369,010	727,707
Investments	47,252	44,337
Inventory	4,193	4,563
Prepaid expenses	56,189	63,950
Total Current Assets	1,757,975	1,559,575
Property and equipment - Net of accumulated depreciation	576,819	618,500
Total Assets	\$ 2,334,794	\$ 2,178,075
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 152,327	\$ 131,332
Accrued benefits and withheld taxes	42,738	11,839
Accrued salaries	172,261	161,811
Deferred revenue	36,570	71,471
Accrued expenses	33,200	32,500
Security deposits	485	780
Total Current Liabilities	437,581	409,733
Total Liabilities	437,581	409,733
Net Assets:		
Unrestricted	1,838,244	1,699,938
Temporarily restricted	58,969	68,404
Total Net Assets	1,897,213	1,768,342
Total Liabilities and Net Assets	\$ 2,334,794	\$ 2,178,075

See Independent Auditor's Report and
Accompanying Notes to Financial Statements

COMMUNITY ACTION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Unrestricted	Temporarily Restricted	Total 2018
<u>Public Support and Revenue</u>			
Public Support:			
Grant income	\$ 2,025,940	\$ -	\$ 2,025,940
Contributions	90,471	29,854	120,325
Contributions, in-kind	107,339	-	107,339
Special events	5,760	-	5,760
	<u>2,229,510</u>	<u>29,854</u>	<u>2,259,364</u>
Total Public Support			
Revenue:			
Service income	2,157,270	-	2,157,270
Information technology services	297,789	-	297,789
Investment income (loss)	4,166	-	4,166
Housing income	55,404	-	55,404
Miscellaneous income	26,360	-	26,360
Release from restriction	39,289	(39,289)	-
	<u>2,580,278</u>	<u>(39,289)</u>	<u>2,540,989</u>
Total Revenue			
Total Public Support and Revenue	<u>4,809,788</u>	<u>(9,435)</u>	<u>4,800,353</u>
<u>Expenses</u>			
Operating:			
Program services	3,906,948	-	3,906,948
Fundraising	9,782	-	9,782
	<u>3,916,730</u>	<u>-</u>	<u>3,916,730</u>
Total Operating			
Supporting Services:			
Management and general	754,752	-	754,752
	<u>4,671,482</u>	<u>-</u>	<u>4,671,482</u>
Total Expenses			
Change in Net Assets	138,306	(9,435)	128,871
Net Assets - Beginning of Year	<u>1,699,938</u>	<u>68,404</u>	<u>1,768,342</u>
Net Assets - End of Year	<u>\$ 1,838,244</u>	<u>\$ 58,969</u>	<u>\$ 1,897,213</u>

See Independent Auditor's Report and
Accompanying Notes to Financial Statements

COMMUNITY ACTION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Total 2017
<u>Public Support and Revenue</u>			
Public Support:			
Grant income	\$ 2,181,027	\$ -	\$ 2,181,027
Contributions	94,132	33,450	127,582
Contributions, in-kind	85,477	-	85,477
Special events	5,578	-	5,578
	<u>2,366,214</u>	<u>33,450</u>	<u>2,399,664</u>
Revenue:			
Service income	1,822,797	-	1,822,797
Information technology services	167,852	-	167,852
Investment income (loss)	(4,056)	-	(4,056)
Housing income	38,224	-	38,224
Miscellaneous income	17,422	-	17,422
Release from restriction	32,297	(32,297)	-
	<u>2,074,536</u>	<u>(32,297)</u>	<u>2,042,239</u>
Total Revenue	<u>2,074,536</u>	<u>(32,297)</u>	<u>2,042,239</u>
Total Public Support and Revenue	<u>4,440,750</u>	<u>1,153</u>	<u>4,441,903</u>
<u>Expenses</u>			
Operating:			
Program services	3,762,176	-	3,762,176
Fundraising	5,095	-	5,095
	<u>3,767,271</u>	<u>-</u>	<u>3,767,271</u>
Supporting Services:			
Management and general	629,627	-	629,627
	<u>4,396,898</u>	<u>-</u>	<u>4,396,898</u>
Total Expenses	<u>4,396,898</u>	<u>-</u>	<u>4,396,898</u>
Change in Net Assets	43,852	1,153	45,005
Net Assets - Beginning of Year	<u>1,656,086</u>	<u>67,251</u>	<u>1,723,337</u>
Net Assets - End of Year	<u>\$ 1,699,938</u>	<u>\$ 68,404</u>	<u>\$ 1,768,342</u>

See Independent Auditor's Report and
Accompanying Notes to Financial Statements

COMMUNITY ACTION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 1,086,972	\$ 531,108	\$ 4,159	\$ 1,622,239
Fringe Benefits	219,827	60,545	534	280,906
Payroll Taxes	81,677	38,402	312	120,391
Total Personnel Costs	1,388,476	630,055	5,005	2,023,536
Travel	33,106	7,731	72	40,909
Software	3,759	877	-	4,636
Equipment maintenance and rental	3,147	-	-	3,147
Small equipment and tools	4,454	-	-	4,454
Supplies	35,578	1,346	9	36,933
Space costs	83,082	8,145	201	91,428
Telephone	49,323	8,658	126	58,107
Postage	5,948	13	26	5,987
Printing	4,026	40	583	4,649
Licenses and registration	944	5,970	-	6,914
Insurance	30,958	1,638	22	32,618
Auto expenses	5,035	-	-	5,035
Information Technology	300	13,068	147	13,515
Advertising and publication	2,788	-	-	2,788
Registration and memberships	8,915	2,135	-	11,050
Training and technical assistance	840	-	-	840
Interest	75	-	-	75
Administrative fees	7,579	125	-	7,704
Volunteer recognition	6,107	-	-	6,107
Contracted services	73,277	33,539	361	107,177
Snow removal	125	-	-	125
Utilities	28,964	-	-	28,964
Meetings	344	2,565	-	2,909
Food and meals	1,844	-	-	1,844
Building repairs and maintenance	9,934	-	-	9,934
Miscellaneous	8,928	73	-	9,001
Property taxes	1,250	-	-	1,250
Depreciation	14,538	-	-	14,538
Bad debt expense	3,042	-	-	3,042
Consumer assistance:				
Food and meals	8,404	-	-	8,404
Weatherization services	666,674	-	-	666,674
Housing assistance	103,743	-	-	103,743
Client travel and assistance	1,169,470	-	-	1,169,470
Other consumer support	17,921	-	-	17,921
Fundraising distributions	-	-	1,644	1,644
Payroll fees	-	-	-	-
Project support	4,095	8	-	4,103
In-Kind expenses	107,339	-	-	107,339
Fiscal services	-	8,113	1,493	9,606
Human resources services	-	2,969	93	3,062
Federal taxes	12,616	27,684	-	40,300
Total Expenses	\$ 3,906,948	\$ 754,752	\$ 9,782	\$ 4,671,482

COMMUNITY ACTION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 1,166,833	\$ 441,020	\$ 1,223	\$ 1,609,076
Fringe Benefits	259,118	46,329	92	305,539
Payroll Taxes	88,355	33,315	93	121,763
Total Personnel Costs	1,514,306	520,664	1,408	2,036,378
Travel	35,738	8,416	-	44,154
Software	55	3,385	-	3,440
Equipment maintenance and rental	2,059	-	-	2,059
Small equipment and tools	63	-	-	63
Supplies	38,763	3,686	-	42,449
Space costs	85,581	9,167	34	94,782
Telephone	42,509	5,784	29	48,322
Postage	5,192	-	47	5,239
Printing	3,498	142	671	4,311
Licenses and registration	1,647	4,977	-	6,624
Insurance	32,544	1,223	6	33,773
Auto expenses	5,168	-	-	5,168
Information Technology	13,589	539	29	14,157
Advertising and publication	3,593	1,027	-	4,620
Registration and memberships	3,705	3,455	-	7,160
Training and technical assistance	-	-	-	-
Administrative fees	7,204	-	-	7,204
Volunteer recognition	8,081	-	-	8,081
Contracted services	112,323	34,275	-	146,598
Snow removal	25	-	-	25
Utilities	25,635	-	-	25,635
Meetings	609	171	-	780
Food and meals	2,319	-	-	2,319
Building repairs and maintenance	5,520	-	-	5,520
Miscellaneous	6,415	1	-	6,416
Property taxes	1,488	-	-	1,488
Depreciation	12,553	-	-	12,553
Bad debt expense	219	-	-	219
Consumer assistance:				
Food and meals	14,874	-	-	14,874
Weatherization services	394,501	-	-	394,501
Housing assistance	109,409	-	-	109,409
Client travel and assistance	1,160,141	-	-	1,160,141
Other consumer support	17,003	-	-	17,003
Fundraising distributions	-	-	2,414	2,414
Payroll fees	-	12	-	12
Project support	4,308	-	-	4,308
In-Kind expenses	85,477	-	-	85,477
Fiscal services	-	29,253	431	29,684
Human resources services	-	3,450	26	3,476
Federal taxes	6,062	-	-	6,062
Total Expenses	\$ 3,762,176	\$ 629,627	\$ 5,095	\$ 4,396,898

COMMUNITY ACTION, INC.
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Cash Flows From Operating Activities:		
Change in net assets	\$ 128,871	\$ 45,005
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	28,439	27,108
Unrealized loss/(gain) on investments	(2,916)	6,657
(Gain) on sale of fixed assets	(12,318)	-
Change in assets and liabilities:		
Grants receivable	(66,572)	(23,955)
Other receivables	358,697	(483,683)
Inventory	370	143
Prepaid expenses	7,761	(22,684)
Accounts payable	21,695	(9,565)
Security deposits	(295)	100
Accrued benefits and withheld taxes	30,899	(6,278)
Accrued salaries	10,450	17,212
Deferred revenues	(34,901)	9,824
Total Adjustments	341,309	(485,121)
Net Cash Provided By/(Used In) Operating Activities	470,180	(440,116)
Cash Flows From Investing Activities:		
Purchase of fixed assets	-	(111,704)
Proceeds from sale of fixed assets	25,561	-
Net Cash Provided By/(Used In) Investing Activities	25,561	(111,704)
Net Increase/(Decrease) In Cash and Cash Equivalents	495,741	(551,820)
Cash and Cash Equivalents - Beginning of Year	453,618	1,005,438
Cash and Cash Equivalents - End of Year	\$ 949,359	\$ 453,618

COMMUNITY ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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, 2018 and 2017, Community Action, Inc. incurred no tax penalty or interest costs. With certain exceptions, the federal income tax returns of Community Action, Inc. for 2015, 2016, and 2017 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 \$5,000 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, 2018 and 2017.

Allowance for Doubtful Receivables

No allowance for doubtful accounts was provided as of June 30, 2018 and 2017, 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, 2018 and 2017.

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.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers. This standard implements a single framework for recognition of all revenue earned from customers. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The standard is effective for fiscal years beginning after December 15, 2017. The Organization is evaluating the impact this will have on the financial statements beginning in fiscal year 2019.

In February 2016, the FASB issued ASU 2016-2, Leases (Topic 842). The main difference between previous GAAP and Topic 842 is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. The guidance aims to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The standard is effective for fiscal years beginning after December 15, 2018 and should be applied on a retrospective basis in the year it is first applied. The Organization is evaluating the impact the adoption of this standard will have on the financial statements beginning in fiscal year 2020.

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. This guidance replaces the three existing classes of net assets for not-for-profit entities with two classes, net assets with donor restrictions and net assets without donor restrictions. The guidance also requires enhanced disclosures about governing board designations and appropriations, composition of net assets with donor restrictions and other qualitative and quantitative information regarding liquid resources and the availability of financial assets. The standard is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Early adoption is permitted, and the standard is required to be applied on a retrospective basis in the year of adoption. The Organization is evaluating the impact the adoption of this standard will have on the financial statements beginning in fiscal year 2019.

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, 2018 and 2017, was \$803,483 and \$217,591, 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, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Capacity Building	\$ 4,347	\$ ---
Clarion PFSA	---	1,250
Crossroads – PCADV	39,104	55,443
CSBG	109,410	56,742
HFHADP – Disabled Housing	6,779	10,230
Homeless Assistance	3,500	---
HSDf	---	29
RSVP	---	787
Continuum of Care	6,967	7,768
Work Ready Program	41,070	3,905
Victims of Crime Act	17,287	82,100
Weatherization (DOE)	93,604	28,798
Weatherization (LIHEAP)	9,904	3,230
WIOA/TANF (GECAC)	<u>---</u>	<u>15,118</u>
	<u>\$ 331,972</u>	<u>\$ 265,400</u>

NOTE 5: INVESTMENTS

The fair values of marketable equity securities are based on quoted market prices. Investments as of June 30, 2018 and 2017, are composed of the following:

	<u>2018</u>	
	<u>Cost</u>	<u>Fair Value</u>
571 Shares Exxon Mobil Corporation	\$23,839	\$47,252

	<u>2017</u>	
	<u>Cost</u>	<u>Fair Value</u>
544 Shares Exxon Mobil Corporation	\$21,675	\$44,337

An unrealized gain/(loss) of \$2,915 and \$(6,657) was recognized for the year ended June 30, 2018 and 2017, respectively.

Components of net investment income include:

	<u>2018</u>	<u>2017</u>
Dividend income	\$ ---	\$ 1,224
Interest income on interest bearing cash	1,251	1,377
Unrealized holding gain/(loss)	<u>2,915</u>	<u>(6,657)</u>
	<u>\$ 4,166</u>	<u>\$ (4,056)</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, 2018 and 2017:

	June 30, 2018	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>47,252</u>	\$ <u>47,252</u>	\$ <u>---</u>	\$ <u>---</u>

	June 30, 2017	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>44,337</u>	\$ <u>44,337</u>	\$ <u>---</u>	\$ <u>---</u>

NOTE 7: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Land	\$ 62,765	\$ 62,765
Buildings and Improvements	775,839	801,614
Equipment	<u>202,877</u>	<u>269,351</u>
	1,041,481	1,133,730
Less: Accumulated Depreciation	<u>(464,662)</u>	<u>(515,230)</u>
Total Property and Equipment	<u>\$ 576,819</u>	<u>\$ 618,500</u>

Depreciation expense for the years ending June 30, 2018 and 2017, is \$28,439 and \$27,108, which includes \$13,901 and \$14,555 allocated to cost pools, respectively.

NOTE 8: RESTRICTED NET ASSETS

Temporarily restricted assets at June 30, 2018 and 2017, are available for the following purposes:

	<u>2018</u>	<u>2017</u>
Contributions available for Crossroads program	\$ 29,730	\$ 34,128
Contributions available for Client Services	21,700	16,867
Contributions available for Friends for Food	5,929	5,929
Contributions available for Veterans donations	1,610	1,610
Contributions available for Miller Trust	<u>---</u>	<u>9,870</u>
	<u>\$ 58,969</u>	<u>\$ 68,404</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 5.50 percent per annum and expiring on April 30, 2019. As of June 30, 2018 and 2017, 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, 2018 and 2017, these accrued compensated absences were \$62,016 and \$55,839, respectively.

NOTE 11: OPERATING LEASE COMMITMENTS

Community Action, Inc. has several operating lease agreements in effect as of the year ended June 30, 2018, 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, 2018, 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>
2019	\$ 8,878	\$ ---
2020	4,209	---
2021	3,483	---
2022	3,483	---
2023	<u>290</u>	<u>---</u>
	<u>\$ 20,343</u>	<u>\$ ---</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, 2018 and 2017, lease expenses for Facilities and Equipment was \$54,646 and \$52,410, 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, 2018 and 2017, consist of the following at fair market value at the date of donation:

	<u>2018</u>	<u>2017</u>
Adult Literacy classroom space	\$ 14,360	\$ 15,928
Food and program supplies	25,702	25,430
Donated services	31,772	26,581
Donated gift cards	---	200
Donated volunteer recognition	<u>35,505</u>	<u>17,338</u>
Total Donated Services and Materials Revenue and Expense	<u>\$ 107,339</u>	<u>\$ 85,477</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 38,538 and 45,343 hours of time as of June 30, 2018 and 2017.

NOTE 13: CONCENTRATIONS

Community Action, Inc. received approximately twenty-one percent (21%) of its total revenue from three (3) grant programs and twenty-one percent (21%) of its total revenue from three (3) grant programs for the years ended June 30, 2018 and 2017, 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 \$121,785 and \$41,416 for the years ended June 30, 2018 and 2017, thus the organization incurred \$40,300 and \$6,062 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 more than three percent (3%) of employee's annual salary. Maximum salary reductions are \$12,500 for calendar year 2018. For employees age fifty (50) or older, the limit is \$15,500. For the years ending June 30, 2018 and 2017, employer contributions were \$36,282 and \$36,376, 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, 2018.

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, 2018, Community Action, Inc., raised and spent match monies totaling approximately thirty percent (30%) of the contract to fulfill its obligation.

Domestic Violence Budget

For the year ended June 30, 2018, total domestic violence expenditures by Community Action, Inc. for domestic violence was \$537,534.

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, 2018.

Cost Allocation Plan

A cost pool collection and allocation system is utilized to distribute indirect costs. Indirect expenses are pooled according to function and allocated monthly to projects and activities. Allocated expenses are based on actual monthly expenses. The Cost Allocation Plan complies with Organization Standard 8.12.

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, 2018 and 2017.

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

On July 20, 2018, Community Action, Inc. sold the Marble Property for \$24,374, and realized a gain of \$11,509 on the sale.

Subsequent events were considered through October 10, 2018, the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

**INDEPENDENT ACCOUNTANT’S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

October 10, 2018

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, 2018, 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 #57048	26	Budget Comparison Statement
Block Grant #66937	27	Budget Comparison Statement
Block Discretionary Grant #66937	28	Budget Comparison Statement
Low Income Home Energy Assistance Program (LIHEAP) – Grant #61719	29	Budget Comparison Statement
	30	Budget Comparison Statement

DOE – Grant #C000066423	31	Budget Comparison Statement
Adult Education Program – Contract #64-18-0011	32	Revenue and Expenses
Retired and Senior Volunteer Program – Contract #16SRAP011	33	Revenue and Expenses
Medical Assistance Transportation Program – Contract #SAP 159000	34	Revenue and Expenses
Homeless Assistance Program – Contract #SAP 159000	35	Revenue and Expenses
Supportive Housing Program – Housing for Homeless and Disabled Persons – Contract PA0310L3E011508	36	Budget to Actual Report
Supportive Housing Program – Housing for Homeless and Disabled Persons – Contract PA0310L3E011609	37	Budget to Actual Report
Supportive Housing Program – Transitional Housing – Contract PA032L3E011508	38	Budget to Actual Report
Supportive Housing Program – Transitional Housing – Contract PA0320L3E011609	39	Budget to Actual Report
Crime Victim Assistance – Subgrant #26605	40	Schedule of Budgeted, Reported and Allowable Costs
PCADV – Contract #6011-2018	41	Budgeted, Reported and Allowable Costs – Title XX
	42	Budgeted, Reported and Allowable Costs – Act 44
	43	Budgeted, Reported, and Allowable Costs – FVPS
	44	Budgeted, Reported, and Allowable Costs – SSBG Relocation
	45	Budgeted, Report, and Allowable Costs – Act 222
	46	Combined Budgeted, Reported, and Allowable Costs – Funding Reconciliation
	47	Schedule of Revenues
Work Ready Program – Contract #4100064833	48	Budget Comparison Statement
	49	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.

The 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 or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records. 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 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, 2018

BUDGET CATEGORY	Approved Budget	Contract Period Expenditures	Questioned Costs
OPERATING COSTS			
Salaries and Fringes	\$ 210,737	\$ 85,746	\$ -
Consumable Supplies	447	145	-
Travel	3,865	1,081	-
Advertising	-	-	-
Office Equipment	-	-	-
Space Costs	10,830	3,279	-
Audit	1,836	-	-
Total Operating Costs	227,715	90,251	-
RELATED COSTS			
Professional Services	3,540	3,500	-
Insurance	900	281	-
Legal	-	-	-
Total Related Costs	4,440	3,781	-
OTHER COSTS			
Other	17,845	5,611	-
Total Other Costs	17,845	5,611	-
Total	\$ 250,000	\$ 99,643	\$ -

NOTE: The Community Services Block Grant Program contract period is from January 1, 2017 through December 31, 2017. The expenditures above are for the period July 1, 2017 through December 31, 2017.

COMMUNITY ACTION, INC.
BUDGET COMPARISON STATEMENT
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
COMMUNITY SERVICES BLOCK GRANT #C000066937
YEAR ENDED JUNE 30, 2018

BUDGET CATEGORY	<u>Approved Budget</u>	<u>Contract Period Expenditures</u>	<u>Questioned Costs</u>
OPERATING COSTS			
Salaries and Fringes	\$ 112,597	\$ 150,056	\$ -
Consumable Supplies	180	162	-
Travel	3,500	1,770	-
Advertising	-	-	-
Space Costs	4,500	6,281	-
Audit	1,800	2,433	-
Total Operating Costs	<u>122,577</u>	<u>160,702</u>	<u>-</u>
RELATED COSTS			
Professional Services	50	50	-
Insurance	300	455	-
Legal	-	-	-
Total Related Costs	<u>350</u>	<u>505</u>	<u>-</u>
OTHER COSTS			
Other	9,441	10,163	-
Total Other Costs	<u>9,441</u>	<u>10,163</u>	<u>-</u>
Total	<u><u>\$ 132,368</u></u>	<u><u>\$ 171,370</u></u>	<u><u>\$ -</u></u>

NOTE: The Community Services Block Grant Program contract period is from January 1, 2018 through December 31, 2018. The expenditures above are for the period January 1, 2018 through June 30, 2018.

COMMUNITY ACTION, INC.
BUDGET COMPARISON STATEMENT
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
COMMUNITY SERVICES BLOCK DISCRETIONARY GRANT #C000066937
YEAR ENDED JUNE 30, 2018

BUDGET CATEGORY	Approved Budget	Contract Period Expenditures	Questioned Costs
OPERATING COSTS			
Salaries and Fringes	\$ 8,364	\$ 5,508	\$ -
Training & Technical Assistance	7,756	6,179	-
Travel	2,002	-	-
Space Costs	915	185	-
Audit	-	22	-
Total Operating Costs	19,037	11,894	-
RELATED COSTS			
Insurance	85	14	-
Total Related Costs	85	14	-
OTHER COSTS			
Other	1,565	530	-
Total Other Costs	1,565	530	-
Total	\$ 20,687	\$ 12,438	\$ -

NOTE: The Community Services Block Discretionary Grant Program contract period is from January 1, 2018 through September 30, 2018. The expenditures above are for the period January 1, 2018 through June 30, 2018.

COMMUNITY ACTION, INC.
BUDGET COMPARISON STATEMENT
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
WEATHERIZATION CONTRACT #C000061719 (LIHEAP)
YEAR ENDED JUNE 30, 2018

BUDGET CATEGORY	Final Approved Budget	Current Fiscal Period Expenditures	Questioned Costs
ADMINISTRATION			
Personnel	\$ 2,012	\$ 1,897	\$ -
Operating/supplies	6,690	6,105	-
Office equipment	-	-	-
Total Administration	<u>8,702</u>	<u>8,002</u>	<u>-</u>
FINANCIAL AUDIT	<u>1,901</u>	<u>1,901</u>	<u>-</u>
DIRECT SERVICES			
Program support	66,600	66,078	-
Program operations	<u>364,644</u>	<u>360,622</u>	<u>-</u>
Total Direct Services	<u>431,244</u>	<u>426,700</u>	<u>-</u>
HEALTH AND SAFETY	<u>600</u>	<u>-</u>	<u>-</u>
LIABILITY INSURANCE	<u>760</u>	<u>660</u>	<u>-</u>
Total	<u>\$ 443,207</u>	<u>\$ 437,263</u>	<u>\$ -</u>

NOTE: The contract period for the Weatherization (LIHEAP) Program is October 1, 2015 through September 30, 2020. The expenditures above are for the period July 1, 2017 through June 30, 2018. 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, 2018

BUDGET CATEGORY	Final Approved Budget	Current Fiscal Period Expenditures	Questioned Costs
ADMINISTRATION			
Personnel	\$ 2,187	\$ 1,034	\$ -
Operating/supplies	9,531	1,975	-
Office equipment	-	-	-
Total Administration	<u>11,718</u>	<u>3,009</u>	<u>-</u>
FINANCIAL AUDIT	<u>2,700</u>	<u>-</u>	<u>-</u>
DIRECT SERVICES			
Program support	87,986	24,917	-
Program operations	262,326	33,528	-
Total Direct Services	<u>350,312</u>	<u>58,445</u>	<u>-</u>
HEALTH AND SAFETY	<u>7,550</u>	<u>7,550</u>	<u>-</u>
LIABILITY INSURANCE	<u>977</u>	<u>240</u>	<u>-</u>
Total	<u><u>\$ 373,257</u></u>	<u><u>\$ 69,244</u></u>	<u><u>\$ -</u></u>

NOTE: The contract period for the Low Income Home Energy Assistance Program is October 1, 2015 through September 30, 2020. The expenditures above are for the period July 1, 2017 through September 30, 2017.

COMMUNITY ACTION, INC.
BUDGET COMPARISON STATEMENT
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
WEATHERIZATION CONTRACT #C000066423 (DOE)
YEAR ENDED JUNE 30, 2018

BUDGET CATEGORY	Final Approved Budget	Current Fiscal Period Expenditures	Questioned Costs
ADMINISTRATION			
Personnel	\$ 3,250	\$ 2,912	\$ -
Operating/supplies	16,778	6,922	-
Office equipment	-	-	-
Total Administration	<u>20,028</u>	<u>9,834</u>	<u>-</u>
FINANCIAL AUDIT	<u>1,561</u>	<u>1,561</u>	<u>-</u>
DIRECT SERVICES			
Program support	124,472	89,044	-
Program operations	<u>146,000</u>	<u>85,419</u>	<u>-</u>
Total Direct Services	<u>270,472</u>	<u>174,463</u>	<u>-</u>
HEALTH AND SAFETY	<u>20,000</u>	<u>19,222</u>	<u>-</u>
LIABILITY INSURANCE	<u>1,739</u>	<u>1,437</u>	<u>-</u>
Total	<u><u>\$ 313,800</u></u>	<u><u>\$ 206,517</u></u>	<u><u>\$ -</u></u>

NOTE: The contract period for the Weatherization (DOE) Program is July 1, 2017 through June 30, 2022. The expenditures above are for the period July 1, 2017 through June 30, 2018. 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, 2018**

	<u>Adult Education Programs</u>	
	<u>Adult Literacy Programs</u>	
	<u>Act 143</u>	<u>Section 231</u>
	<u>64-17-0011</u>	<u>FA-064-17-0011</u>
REVENUE		
Grant income	\$ 75,000	\$ 65,000
EXPENSES		
Salaries	47,994	47,814
Benefits	11,152	10,471
Professional and technical fees	3,293	-
Purchased property services	4,999	3,578
Other purchased services	4,599	2,790
Supplies	518	282
	<u>72,555</u>	<u>64,935</u>
Due to Funding Source	<u>\$ 2,445</u>	<u>\$ 65</u>

**COMMUNITY ACTION, INC.
SCHEDULE OF REVENUE AND EXPENSES
RETIRED AND SENIOR VOLUNTEER PROGRAM
CONTRACT #16SRAPA011
YEAR ENDED JUNE 30, 2018**

REVENUE

Grant income		\$ 60,847
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VOLUNTEER SUPPORT EXPENSES

Salaries and wages	\$ 35,078	
Fringe benefits	9,538	
Travel	4,398	
Supplies	-	
Other volunteer support costs	7,759	
Contractual & Consultant Services	<u>803</u>	
 Total Volunteer Support Expenses		 <u>57,576</u>

VOLUNTEER COSTS

Volunteer recognition	794	
Insurance	<u>2,477</u>	
 Total Volunteer Costs		 <u>3,271</u>

Total Program		60,847
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Due to (from) Funding Source	<u>\$ -</u>	<u>\$ -</u>
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NOTE: The program contract period is from July 1, 2017 through June 30, 2018. 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, 2018
	<u>Reported</u>	<u>Actual</u>
SERVICE DATA		
Expenditures:		
Group I Clients	\$ 1,540,686	\$ 1,540,686
Group II Clients	<u>-</u>	<u>-</u>
Total Expenditures	<u>1,540,686</u>	<u>1,540,686</u>
ALLOCATION DATA		
Revenues:		
Department of Human Services	-	-
Jefferson County Commissioners	1,586,202	1,586,202
Interest Income	<u>-</u>	<u>-</u>
Total Revenues	<u>1,586,202</u>	<u>1,586,202</u>
Funds Expended:		
Operating Costs	1,168,927	1,168,927
Administrative Costs	<u>371,759</u>	<u>371,759</u>
Excess Revenues over Expenditures	<u>\$ 45,516</u>	<u>\$ 45,516</u>

**COMMUNITY ACTION, INC.
SCHEDULE OF REVENUE AND EXPENSES
HOMELESS ASSISTANCE PROGRAM
CONTRACT #SAP 159000
YEAR ENDED JUNE 30, 2018**

SOURCES OF FUNDING

HHS allocation	\$ 33,164
Interest earned	2
	33,166
Total HAP Funding	33,166

EXPENSES	<u>Administration</u>	<u>Case Management</u>	<u>Rental Assistance</u>	<u>Total</u>
Personnel	\$ -	\$ 19,084	\$ -	\$ 19,084
Operating	2,844	2,089	9,149	14,082
Purchased Services	-	-	-	-
Subtotal	\$ 2,844	\$ 21,173	\$ 9,149	33,166
Total HAP Expenses				\$ 33,166
Total Unexpended Funds				\$ -

**COMMUNITY ACTION, INC.
SCHEDULE OF REVENUE AND EXPENSES
SUPPORTIVE HOUSING PROGRAM -
HOUSING FOR HOMELESS AND DISABLED PERSONS
CONTRACT #PA0310L3E011508
YEAR ENDED JUNE 30, 2018**

	Budget	Actual
REVENUE		
Grant income	\$ 91,812	\$ 33,837
EXPENSES		
Administrative	5,633	3,244
Leasing	63,771	25,649
Supportive services	22,408	4,944
Total Expenses	91,812	33,837
Due to Funding Source	\$ -	\$ -

NOTE: The Supportive Housing Program #PA0310L3E011508 contract period is December 1, 2016 through November 30, 2017. The expenditures above are for the period July 1, 2017 through November 30, 2017. 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 #PA0310L3E011609
YEAR ENDED JUNE 30, 2018**

	Budget	Actual
REVENUE		
Grant income	\$ 91,812	\$ 54,676
EXPENSES		
Administrative	5,633	3,507
Leasing	63,771	39,550
Supportive services	22,408	11,619
	91,812	54,676
Due to Funding Source	\$ -	\$ -

NOTE: The Supportive Housing Program #PA0310L3E011609 contract period is December 1, 2017 through November 30, 2018. The expenditures above are for the period December 1, 2017 through June 30, 2018. The budget is for the entire contract period.

**COMMUNITY ACTION, INC.
SCHEDULE OF REVENUE AND EXPENSES
SUPPORTIVE HOUSING PROGRAM -
TRANSITIONAL HOUSING
CONTRACT #PA0320L3E011508
YEAR ENDED JUNE 30, 2018**

	Budget	Actual
REVENUE		
Grant income	\$ 66,101	\$ 8,205
EXPENSES		
Administrative	4,324	-
Leasing	7,020	730
Direct operating	14,843	655
Supportive services	39,914	6,820
Total Expenses	66,101	8,205
Due to Funding Source	\$ -	\$ -

NOTE: The Supportive Housing Program #PA0320L3E011508 contract period is September 1, 2016 through August 31, 2017. The expenditures above are for the period July 1, 2017 through August 31, 2017. The budget is for the entire contract period.

**COMMUNITY ACTION, INC.
SCHEDULE OF REVENUE AND EXPENSES
SUPPORTIVE HOUSING PROGRAM -
TRANSITIONAL HOUSING
CONTRACT #PA0320L3E011609
YEAR ENDED JUNE 30, 2018**

	Budget	Actual
REVENUE		
Grant income	\$ 66,101	\$ 57,093
EXPENSES		
Administrative	4,324	4,324
Leasing	7,020	6,290
Direct operating	14,843	13,194
Supportive services	39,914	33,285
Total Expenses	66,101	57,093
Due to Funding Source	\$ -	\$ -

NOTE: The Supportive Housing Program #PA0320L3E011609 contract period is September 1, 2017 through August 31, 2018. The expenditures above are for the period September 1, 2017 through June 30, 2018. 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 #26605
YEAR ENDED JUNE 30, 2018

BUDGET CATEGORY	<u>Approved Budget</u>	<u>Current Year Reported Costs</u>	<u>Total Reported Costs</u>	<u>Questioned Costs</u>
Personnel	\$ 302,776	\$ 98,818	\$ 183,683	\$ -
Employee benefits	97,667	25,025	51,258	-
Travel	6,240	1,508	2,822	-
Supplies / operating	51,200	(1,254)	32,769	-
	<u>\$ 457,883</u>	<u>\$ 124,097</u>	<u>\$ 270,532</u>	<u>\$ -</u>

NOTE: The Crime Victim Assistance Subgrant - contract period is from July 1, 2016 through June 30, 2019. The expenditures above are for the period July 1, 2016 through June 30, 2018.

COMMUNITY ACTION, INC.
SCHEDULE OF BUDGETED, REPORTED, AND ALLOWABLE COSTS WITH
TITLE XX PCADV CONTRACT #6011-2018
YEAR ENDED JUNE 30, 2018

BUDGET CATEGORY	Allowable Costs Per Audit				
	Approved Budget	Reported Costs	Total	(Over) Under Budget	Questioned Costs
TITLE XX					
Personnel					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -
Total Personnel	-	-	-	-	-
Operations:					
Communications	4,415.00	4,203.98	4,203.98	211.02	-
Professional Fees	9,042.00	9,253.02	9,253.02	(211.02)	-
Utilities	2,822.00	2,822.00	2,822.00	-	-
Total Operations	16,279.00	16,279.00	16,279.00	-	-
Total	\$ 16,279.00	\$ 16,279.00	\$ 16,279.00	\$ -	\$ -

COMMUNITY ACTION, INC.
SCHEDULE OF BUDGETED, REPORTED, AND ALLOWABLE COSTS WITH
ACT 44 PCADV CONTRACT #6011-2018
YEAR ENDED JUNE 30, 2018

	<u>Allowable Costs Per Audit</u>				
	<u>Approved Budget</u>	<u>Reported Costs</u>	<u>Total</u>	<u>(Over) Under Budget</u>	<u>Questioned Costs</u>
BUDGET CATEGORY					
ACT 44					
Personnel					
Salaries	\$ 113,420.00	\$ 113,420.00	\$ 113,420.00	\$ -	\$ -
Benefits	27,029.00	27,029.00	27,029.00	-	-
Total Personnel	<u>140,449.00</u>	<u>140,449.00</u>	<u>140,449.00</u>	<u>-</u>	<u>-</u>
Operations:					
Advertising	1,190.00	966.00	966.00	224.00	-
Communications	4,282.00	4,006.59	4,006.59	275.41	-
Food	1,873.00	1,843.84	1,843.84	29.16	-
Insurance	3,960.00	3,784.36	3,784.36	175.64	-
Maintenance	2,610.00	2,499.90	2,499.90	110.10	-
Postage	307.00	309.00	309.00	(2.00)	-
Printing	292.00	280.81	280.81	11.19	-
Professional Fees	44,889.00	46,215.06	46,215.06	(1,326.06)	-
Rent	14,054.00	13,897.49	13,897.49	156.51	-
Staff Development	199.00	199.00	199.00	-	-
Supplies	11,281.00	11,281.00	11,281.00	-	-
Travel	6,678.00	6,612.18	6,612.18	65.82	-
Utilities	4,370.00	4,089.77	4,089.77	280.23	-
Total Operations	<u>95,985.00</u>	<u>95,985.00</u>	<u>95,985.00</u>	<u>0.00</u>	<u>-</u>
Total	<u>\$ 236,434.00</u>	<u>\$ 236,434.00</u>	<u>\$ 236,434.00</u>	<u>\$ 0.00</u>	<u>\$ -</u>

COMMUNITY ACTION, INC.
SCHEDULE OF BUDGETED, REPORTED, AND ALLOWABLE COSTS WITH
FVPS PCADV CONTRACT #6011-2018
YEAR ENDED JUNE 30, 2018

BUDGET CATEGORY	Allowable Costs Per Audit				
	Approved Budget	Reported Costs	Total	(Over) Under Budget	Questioned Costs
FVPS					
Personnel					
Salaries	\$ 77,120.00	\$ 76,703.93	\$ 76,703.93	\$ 416.07	\$ -
Benefits	19,121.00	17,775.69	17,775.69	1,345.31	-
Total Personnel	96,241.00	94,479.62	94,479.62	-	-
Operations:					
Communications	3,308.00	3,308.00	3,308.00	-	-
Professional Fees	4,014.00	4,014.00	4,014.00	-	-
Utilities	2,822.00	2,822.00	2,822.00	-	-
Total Operations	10,144.00	10,144.00	10,144.00	-	-
Total	\$ 106,385.00	\$ 104,623.62	\$ 104,623.62	\$ -	\$ -

COMMUNITY ACTION, INC.
SCHEDULE OF BUDGETED, REPORTED, AND ALLOWABLE COSTS WITH
SSBG RELOCATION PCADV CONTRACT #6011-2018
YEAR ENDED JUNE 30, 2018

BUDGET CATEGORY	Allowable Costs Per Audit				
	Approved Budget	Reported Costs	Total	(Over) Under Budget	Questioned Costs
SSBG RELOCATION					
Operational relocation expense	\$ 10,492.00	\$ 10,492.00	\$ 10,492.00	\$ -	\$ -
Program totals	\$ 10,492.00	\$ 10,492.00	\$ 10,492.00	\$ -	\$ -

COMMUNITY ACTION, INC.
SCHEDULE OF BUDGETED, REPORTED, AND ALLOWABLE COSTS WITH
ACT 222 PCADV CONTRACT #6011-2018
YEAR ENDED JUNE 30, 2018

BUDGET CATEGORY	Allowable Costs Per Audit				
	Approved Budget	Reported Costs	Total	(Over) Under Budget	Questioned Costs
ACT 222					
OPERATIONS					
Communications	\$ 25.00	\$ 25.00	\$ 25.00	\$ -	\$ -
Professional Fees	1,064.00	1,064.00	1,064.00	-	-
Program totals	<u>\$ 1,089.00</u>	<u>\$ 1,089.00</u>	<u>\$ 1,089.00</u>	<u>\$ -</u>	<u>\$ -</u>

**COMMUNITY ACTION, INC.
 COMBINED SCHEDULE OF BUDGETED, REPORTED, AND
 ALLOWABLE COSTS WITH FUNDING RECONCILIATION
 PCADV CONTRACT #6011-2018
 YEAR ENDED JUNE 30, 2018**

			Allowable Costs Per Audit		
	Approved Budget	Reported Costs	Total	(Over) Under Budget	Questioned Costs
BUDGET CATEGORIES					
TITLE XX					
Operations	16,279.00	16,279.00	16,279.00	0.00	0.00
ACT 44					
Personnel	140,449.00	140,449.00	140,449.00	0.00	0.00
Operations	95,985.00	95,985.00	95,985.00	0.00	0.00
ACT 222					
Operations	1,089.00	1,089.00	1,089.00	0.00	0.00
FVPS					
Personnel	96,241.00	94,480.00	94,480.00	1,761.00	0.00
Operations	10,144.00	10,144.00	10,144.00	0.00	0.00
SSBG RELOCATION					
Operations	10,492.00	10,492.00	10,492.00	0.00	0.00
	370,679.00	368,918.00	368,918.00	1,761.00	0.00
FUNDING RECONCILIATION					
Approved contract received as of June 30, 2018				312,222.00	
Approved contract receivable at June 30, 2018				55,443.31	367,665.31
Allowable Costs					
Approved				312,222.00	
Questioned				0.00	312,222.00
Due to (from) PCADV					55,443.31

**COMMUNITY ACTION, INC.
SCHEDULE OF REVENUES
PCADV CONTRACT #6011-2018
YEAR ENDED JUNE 30, 2018**

Received during:		
July	\$	-
August		-
September		92,670.00
October		-
November		12,798.00
December		61,740.00
January		23,999.00
February		27,560.00
March		-
April		25,364.00
May		61,314.00
June		<u>24,369.00</u>
		<u>329,814.00</u>
Receivable at June 30:		<u>39,103.92</u>
Total		<u><u>\$ 368,917.92</u></u>

**COMMUNITY ACTION, INC.
 BUDGET COMPARISON STATEMENT
 DEPARTMENT OF PUBLIC WELFARE
 WORK READY PROGRAM #4100064833
 YEAR ENDED JUNE 30, 2018**

	<u>Approved Budget</u>	<u>Contract Period Expenditures</u>	<u>Questioned Costs</u>
Administration			
Personnel	\$ 4,686	\$ 861	\$ -
Operating Expenses	<u>9,767</u>	<u>1,477</u>	<u>-</u>
Total Administration	<u>14,453</u>	<u>2,338</u>	<u>-</u>
PROGRAM COSTS			
Personnel	103,896	27,445	-
Equipment and Supplies	2,474	257	-
Operating Expenses	17,424	3,925	-
Other Expenses	<u>6,289</u>	<u>1,256</u>	<u>-</u>
Total Program Costs	<u>130,083</u>	<u>32,883</u>	<u>-</u>
	<u>\$ 144,536</u>	<u>\$ 35,221</u>	<u>\$ -</u>

NOTE: The Work Ready contact period is from October 1, 2016 through September 30, 2017. The expenditures above are for the period July 1, 2017 through September 30, 2017. 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, 2018**

	<u>Approved Budget</u>	<u>Contract Period Expenditures</u>	<u>Questioned Costs</u>
Administration			
Personnel	\$ 4,619	\$ 3,122	\$ -
Operating Expenses	<u>9,834</u>	<u>8,648</u>	<u>-</u>
Total Administration	<u>14,453</u>	<u>11,770</u>	<u>-</u>
PROGRAM COSTS			
Personnel	99,131	75,165	-
Equipment and Supplies	608	131	-
Operating Expenses	20,116	12,571	-
Other Expenses	<u>10,228</u>	<u>7,656</u>	<u>-</u>
Total Program Costs	<u>130,083</u>	<u>95,523</u>	<u>-</u>
	<u><u>\$ 144,536</u></u>	<u><u>\$ 107,293</u></u>	<u><u>\$ -</u></u>

NOTE: The Work Ready contact period is from October 1, 2017 through September 30, 2018. The expenditures above are for the period October 1, 2017 through June 30, 2018. The budget is for the entire contract period.

UNIFORM GUIDANCE SCHEDULES AND REPORTS

COMMUNITY ACTION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018
 (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 7/1/2017	Revenue Recognized	Federal Expenditures	Accrued or (Deferred) Revenue at 6/30/2018
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT										
Continuum of Care Program	D	14.267	PA0320L3E011609	9/01/17-8/31/18	\$ 66,101	\$ 50,126	\$ -	\$ 57,093	\$ 57,093	\$ 6,967
Continuum of Care Program	D	14.267	PA0310L3E011609	12/01/17-11/30/18	91,812	47,897	-	54,676	54,676	6,779
Continuum of Care Program	D	14.267	PA0320L3E011508	9/01/16-8/31/17	66,101	15,973	7,768	8,205	8,205	-
Continuum of Care Program	D	14.267	PA0310L3E011508	12/01/16-11/30/17	91,812	44,067	10,230	33,837	33,837	-
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					158,063	17,988	153,811	153,811	153,811	13,746
U.S. DEPARTMENT OF JUSTICE										
Passed Through the Pennsylvania Commission on Crime and Delinquency:										
Crime Victim Assistance	I	16.575	2015/2016-VF-05-26605	7/01/16-6/30/19	152,608	82,100	82,100	-	-	-
Crime Victim Assistance	I	16.575	2015/2016-VF-05-26605	7/01/16-6/30/19	149,615	106,810	-	124,097	124,097	17,287
TOTAL U.S. DEPARTMENT OF JUSTICE					188,910	82,100	124,097	124,097	124,097	17,287
U.S. DEPARTMENT OF EDUCATION										
Passed Through the Pennsylvania Department of Education:										
Adult Education - Basic Grants to States	I	84.002	FA-064-17-001	7/01/16-6/30/17	65,000	(3,731)	(3,731)	-	-	-
Adult Education - Basic Grants to States	I	84.002	FA-064-18-011	7/01/17-6/30/18	65,000	65,000	-	64,935	64,935	(65)
TOTAL U.S. DEPARTMENT OF EDUCATION					65,000	65,000	64,935	64,935	64,935	(65)
U.S. DEPARTMENT OF LABOR										
WIOA Cluster:										
Passed Through the Greater Erie Community Action Committee:										
WIA/WIOA Adult Program	I	17.258	317015	7/01/16-6/30/17	19,447	1,169	1,169	-	-	-
WIA/WIOA Youth Activities	I	17.259	306015	7/01/16-6/30/17	11,658	1,565	1,565	-	-	-
WIA/WIOA Youth Activities	I	17.259	306115	7/01/16-6/30/17	36,148	5,372	5,372	-	-	-
WIA/WIOA Dislocated Worker Formula Grants	I	17.278	342015	7/01/16-6/30/17	40,630	5,671	5,671	-	-	-
Total WIOA Cluster					13,777	13,777	13,777	13,777	13,777	-
TOTAL U.S. DEPARTMENT OF LABOR					13,777	13,777	13,777	13,777	13,777	-
U.S. DEPARTMENT OF ENERGY										
Passed Through the Pennsylvania Department of Community and Economic Development:										
Weatherization Assistance for Low-Income Persons	I	81.042	C000055947	7/01/13-6/30/17	306,245	28,798	28,798	-	-	-
Weatherization Assistance for Low-Income Persons	I	81.042	C000066423	7/01/17-6/30/22	313,800	112,913	-	206,517	206,517	93,604
TOTAL U.S. DEPARTMENT OF ENERGY					141,711	28,798	206,517	206,517	206,517	93,604

COMMUNITY ACTION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018
 (Page 2 of 2)

Program Title	Grantor	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 7/1/2017	Revenue Recognized	Federal Expenditures	Accrued or (Deferred) Revenue at 6/30/2018
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	C000066937	1/01/18-12/31/18	132,368	61,960	-	171,370	171,370	109,410
Community Services Block Grant		I	93.569	C000066937	1/01/18-9/30/18	20,687	8,091	-	12,438	12,438	4,347
Community Services Block Grant		I	93.569	C000067048	1/01/14-12/31/17	250,000	156,385	56,742	99,643	99,643	-
							226,436	56,742	283,451	283,451	113,757
Low-Income Home Energy Assistance		I	93.568	C000061719	10/01/15-9/30/20	373,257	72,474	3,230	69,244	69,244	-
Low-Income Home Energy Assistance		I	93.568	C000061719	10/01/15-9/30/20	443,207	427,359	-	437,263	437,263	9,904
							499,833	3,230	506,507	506,507	9,904
TANF Cluster:											
Passed Through the Pennsylvania Department of Human Services:											
Temporary Assistance for Needy Families		I	93.558	4100064833	10/01/16-9/30/17	144,536	39,134	3,913	35,221	35,221	-
Temporary Assistance for Needy Families		I	93.558	4100064833	10/01/17-9/30/18	144,536	66,210	-	107,280	107,280	41,070
Passed Through the Greater Erie Community Action Committee:											
Temporary Assistance for Needy Families		I	93.558	302015	7/01/16-6/30/17	5,651	1,341	1,341	-	-	-
							106,685	5,254	142,501	142,501	41,070
Passed Through the Pennsylvania Coalition Against Domestic Violence (PCADV):											
Social Services Block Grant		I	93.667	6011-2018	7/01/17-6/30/18	16,279	14,553	-	16,279	16,279	1,726
Social Services Block Grant		I	93.667	52-33	7/01/16-6/30/17	16,279	2,534	2,534	-	-	-
Social Services Block Grant		I	93.667	6011-2018	7/01/17-6/30/18	10,492	9,380	-	10,492	10,492	1,112
Social Services Block Grant		I	93.667	52-33	7/01/16-6/30/17	10,492	33	33	-	-	-
							26,500	2,567	26,771	26,771	2,838
Family Violence Prevention Services/Domestic Violence Shelter and Supportive Services		I	93.671	6011-2018	7/01/17-6/30/18	106,385	93,534	-	104,624	104,624	11,090
Family Violence Prevention Services/Domestic Violence Shelter and Supportive Services		I	93.671	52-33	7/01/16-6/30/17	106,385	16,113	16,113	-	-	-
							109,647	16,113	104,624	104,624	11,090
							969,101	83,906	1,063,854	1,063,854	178,659
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES											
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:											
Retired Senior and Volunteer Program		D	94.002	16SRAPA011	7/01/16-6/30/19	64,347	787	787	-	-	-
Retired Senior and Volunteer Program		D	94.002	16SRAPA011	7/01/16-6/30/19	60,847	60,847	-	60,847	60,847	-
							61,634	787	60,847	60,847	-
							\$ 1,598,196	\$ 227,366	\$ 1,674,061	\$ 1,674,061	\$ 303,231
TOTAL FEDERAL ASSISTANCE											

Source Code: I - Indirect D - Direct

NOTE: Community Action, Inc. did not provide federal funds to subrecipients during the year ended June 30, 2018.

See Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards

COMMUNITY ACTION, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018

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, 2018, 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, 2018.

NOTE D: FEDERAL CASH RECEIVED

Community Action, Inc. has reported cash that was returned to the granting agencies on the Schedule of Federal Awards as a negative cash receipt.

NOTE E: 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
Low-Income Home Energy Assistance	93.568	\$ <u>506,507</u>
Total federal awards selected for testing		<u>506,507</u>
Total federal program awards		\$ <u>1,674,061</u>
Percentage of total federal expenditures tested		<u>30.26%</u>
Percentage of total federal expenditures required to be tested		<u>20.00%</u>

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

October 10, 2018

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, 2018, 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 October 10, 2018.

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

October 10, 2018

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, 2018. 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 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 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, 2018.

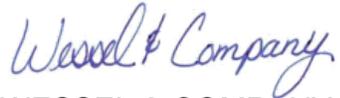
Report on Internal Control over Compliance

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.



WESSEL & COMPANY
Certified Public Accountants

COMMUNITY ACTION, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 JUNE 30, 2018

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 X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X 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 X No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.568	Low-Income Home Energy Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X 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, 2017

NONE

COMMUNITY ACTION, INC.

CORRECTIVE ACTION PLAN

JUNE 30, 2018

NONE NECESSARY

COMMUNITY ACTION, INC.
POST-AUDIT CONFERENCE
JUNE 30, 2018

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

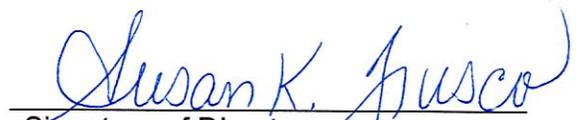
Date: November 2, 2018

Time: 1:30 P.M.

Place: Community Action, Inc. offices



Signature of Auditor



Signature of Director