

NORTHERN TIER COMMUNITY

ACTION CORPORATION

Emporium, Pennsylvania

DUNS: 088417589

FINANCIAL STATEMENTS

June 30, 2012

TABLE OF CONTENTS

	<u>Page Number</u>
Independent Auditor's Report	4
Statement of Financial Position	6
Statement of Activities	7
Statement of Functional Expenses	9
Statement of Cash Flows	11
Notes to Financial Statements	12
Supplemental Information	20
Independent Accountant's Report on Applying Agreed- Upon Procedures	21
CCIS - Recap Worksheet for FY 2011-2012	23
CCIS - Notes to Schedules	24
Schedule of Weatherization Program Expenses	25
Schedule of Other Program Expenses	26
Schedule of Agency Activity Expenses	27
Schedule of Expenditures of Federal Awards	28
Notes to Schedule of Expenditures of Federal Awards	32

Page  
Number

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	35
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	37
Schedule of Findings and Questioned Costs	39
Report on Prior Year's Audit Findings	41

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## INDEPENDENT AUDITOR'S REPORT

Northern Tier Community  
Action Corporation  
Emporium, PA 15834

### Members of the Board:

We have audited the accompanying statement of financial position of Northern Tier Community Action Corporation (a nonprofit organization) as of June 30, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.


In our opinion the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Northern Tier Community Action Corporation as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### MEMBER:

*American Institute of Certified Public Accountants*  
*Pennsylvania Institute of Certified Public Accountants*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2013, on our consideration of Northern Tier Community Action Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The financial information listed as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements of the Corporation. 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.

  
Mauthe, Yutzev & Gabler, LLC  
Certified Public Accountants  
May 6, 2013

NORTHERN TIER COMMUNITY ACTION CORPORATION

STATEMENT OF FINANCIAL POSITION

June 30, 2012

ASSETS

Current Assets:

Cash in bank	\$ 511,000.25
Prepaid expenses	70,830.13
Accounts receivable	3,445.34
Grants receivable	418,996.03
Inventory - materials	78,163.81

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Total Current Assets 1,082,435.56

Property and Equipment, at cost, net  
of accumulated depreciation

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256,423.11

Total Assets

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\$ 1,338,858.67

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 205,882.31
Accrued salaries and fringes payable	66,682.88
Deferred revenue	128,501.76
Interest due grantors	44.15
Notes payable - current portion	4,674.33

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Total Current Liabilities 405,785.43

Long-Term Liabilities:

Notes payable - net of current portion

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19,010.88

Total Liabilities

424,796.31

Net Assets:

Unrestricted

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914,062.36

Total Liabilities and Net Assets

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\$ 1,338,858.67

The accompanying notes are an integral part of the financial statements

NORTHERN TIER COMMUNITY ACTION CORPORATION

STATEMENT OF ACTIVITIES

For The Year Ended June 30, 2012

Support and Revenue:

Support:

Grants	\$ 5,394,604.98
In-Kind contributions	466,931.82
Commodities	26,002.28
	<hr/>
Total Support	5,887,539.08

Revenue:

Program service fees	66,817.53
Rental income	68,580.00
Interest income	1,213.87
Program income	220,626.25
Miscellaneous income	866.89
	<hr/>
Total Revenue	358,104.54

Total Support and Revenue	<hr/> 6,245,643.62
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Expenses:

Program Services:

Weatherization	1,321,236.19
Child Care Information Services (CCIS)	1,192,248.52
Head Start	2,304,864.61
Community Services Block Grant (CSBG)	311,466.47
Work Ready Program	90,896.76
The Emergency Food Assistance Program (TEFAP)/ Child and Adult Care Food Program (CACFP)	239,759.11
Local Education and Resource Network (LEARN)	113,229.58
Homelessness Prevention and Rapid Re-Housing	114,480.22
Other Programs	423,613.67
	<hr/>

Total Program Services	6,111,795.13
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The accompanying notes are an integral part of the financial statements

STATEMENT OF ACTIVITIES

Page 2

Support Services:	
Agency Activities	<u>148,098.86</u>
Total Expenses	<u>6,259,893.99</u>
Change in Net Assets	(14,250.37)
Net Assets, beginning of year	<u>928,312.73</u>
Net Assets, end of year	<u><u>\$ 914,062.36</u></u>

The accompanying notes are an integral part of the financial statements



NORTHERN ILL. COMMUNITY ACTION CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2012

PROGRAM SERVICES

Weatherization	CCIS	Head Start	CSBG	Work Ready	TEFAP/ CACFP	LEARN	Homelessness				Total
							Prevention and Rapid Re-Housing	Other Programs	Agency Activities		
\$ 309,912.22	\$ 144,051.00	\$ 869,567.39	\$ 174,903.47	\$ 28,052.57	\$ 14,811.85	\$ 37,764.13	\$ 36,897.99	\$ 136,505.46	\$ 76,381.47	\$ 1,828,847.55	
138,712.25	32,374.31	342,591.25	50,560.44	9,209.73	10,540.25	13,129.52	13,685.01	36,906.03	7,701.12	655,410.91	
7,616.30	6,560.00	23,546.60	7,968.00	608.74	188.38	1,124.61	966.61	3,521.90	2,914.66	55,007.80	
57,227.06	17,921.16	126,672.17	21,004.60	3,653.23	1,954.18	4,583.39	5,603.01	23,524.04	10,415.75	272,558.59	
513,467.83	200,906.47	1,362,377.41	254,436.51	41,524.27	27,494.66	56,601.65	57,145.62	200,457.43	97,413.00	2,811,824.85	
0.00	0.00	0.00	0.00	0.00	26,002.28	0.00	0.00	0.00	0.00	26,002.28	
8,465.00	10,900.00	14,628.02	9,564.55	875.00	0.00	6,040.00	790.06	4,778.07	1,897.70	58,038.40	
204,042.52	0.00	0.00	0.00	35,115.27	0.00	0.00	0.00	31,523.74	0.00	270,681.53	
8,542.20	2,109.95	50,480.24	760.98	89.75	119.36	9,992.67	749.70	6,809.70	5,634.94	85,289.49	
21,837.02	2,467.64	19,462.57	1,883.58	0.00	246.00	87.33	218.16	6,097.22	1,851.69	53,651.21	
0.00	0.00	453,760.47	0.00	0.00	0.00	13,171.35	0.00	0.00	0.00	466,931.82	
23,121.00	12,000.00	177,856.00	10,800.00	4,190.00	2,040.00	2,700.00	6,170.00	13,560.00	1,800.00	254,237.00	
13,581.24	1,500.00	10,623.76	5,026.20	718.12	1,182.64	780.88	359.70	1,665.92	2,241.28	37,679.74	
136.06	648.63	60,122.78	598.00	0.00	0.00	539.00	800.00	2,988.13	0.00	65,832.60	
41,492.78	0.00	11,830.81	3,168.59	0.00	2,041.88	0.00	0.00	187.00	1,855.72	60,576.58	
9,417.29	4,944.83	22,101.50	4,099.32	3,095.29	0.00	5,700.23	3,375.03	3,631.31	0.00	56,367.80	
949.02	4,132.00	4,450.69	1,359.40	0.00	0.00	1,850.20	0.00	2,843.75	136.05	15,721.11	
5,196.46	5,059.92	33,720.41	5,813.18	3,737.18	646.24	1,190.12	1,428.66	2,117.16	(1,464.50)	57,444.83	
1,491.31	430.00	2,568.72	911.75	0.00	62.35	112.60	136.80	363.36	(731.93)	5,344.96	
0.00	0.00	51,253.00	0.00	0.00	0.00	147.25	0.00	0.00	0.00	51,400.25	
0.00	0.00	0.00	0.00	379.89	0.00	0.00	41,971.37	28,297.44	1,850.00	72,498.70	
436,899.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	109,956.45	0.00	546,855.59	
1,464.36	0.00	0.00	35.43	0.00	0.00	0.00	0.00	0.00	2,559.80	4,059.59	
5,870.28	2,938.19	3,659.09	795.06	170.18	202.23	12,437.25	436.75	4,109.49	(943.40)	29,674.12	

The accompanying notes are an integral part of the financial statements

STATEMENT OF FUNCTIONAL EXPENSES

Page 2

PROGRAM SERVICES

	Weatherization	CCIS	Head Start	CSBG	Work Ready	TEFAP/ CACFP	LEARN	Homelessness			Total
								Prevention and Rapid Re-Housing	Other Programs	Agency Activities	
Memberships and dues	1,200.00	0.00	0.00	2,317.00	0.00	0.00	0.00	0.00	0.00	1,210.00	4,727.00
Parent activities	0.00	0.00	2,902.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,981.96
Other operating expenses	5,431.31	0.00	2,703.18	410.08	127.74	1,516.37	0.00	36.31	147.46	24,814.03	36,186.48
Depreciation	16,480.54	0.00	5,418.96	3,244.99	0.00	0.00	0.00	0.00	1,053.14	5,992.05	32,189.68
Uncollectible prior year grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,420.00	4,420.00
Interest expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,052.81	2,052.81
Food and related expenses	0.00	0.00	3,977.55	0.00	0.00	44,477.40	0.00	0.00	1,988.44	2,112.56	52,566.95
Non-food items	0.00	0.00	6,562.57	0.00	0.00	133,080.19	0.00	0.00	278.71	0.00	139,921.47
Computer services	2,440.84	1,705.08	4,404.71	6,341.85	871.07	647.51	1,879.05	863.06	680.15	(6,602.94)	13,230.38
Provider payments	0.00	942,505.81	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	942,505.81
<b>Total Expenses</b>	<b>\$ 1,321,236.19</b>	<b>\$ 1,192,248.52</b>	<b>\$ 2,304,564.61</b>	<b>\$ 311,466.47</b>	<b>\$ 90,896.76</b>	<b>\$ 239,759.11</b>	<b>\$ 113,229.58</b>	<b>\$ 114,480.22</b>	<b>\$ 423,613.67</b>	<b>\$ 148,098.86</b>	<b>\$ 6,259,893.99</b>

The accompanying notes are an integral part of the financial statements

NORTHERN TIER COMMUNITY ACTION CORPORATION

STATEMENT OF CASH FLOWS

For The Year Ended June 30, 2012

Cash Flows from Operating Activities:	
Increase (Decrease) in net assets	\$ (14,250.37)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities	
Depreciation	32,199.68
(Increase) Decrease in Operating Assets	
Accounts receivable	674.74
Grants receivable	(267,175.29)
Prepaid expenses	(5,763.14)
Inventory	65,032.40
Increase (Decrease) in Operating Liabilities	
Accounts payable	(87,013.21)
Accrued salaries and fringes payable	(5,915.08)
Deferred revenue	(51,404.30)
Interest due grantors	(77.17)
Net Cash Provided (Used) by Operating Activities	<u>(333,691.74)</u>
Cash Flows from Investing Activities:	
Additions to capital assets	<u>(19,128.67)</u>
Net Cash Provided (Used) by Investing Activities	<u>(19,128.67)</u>
Cash Flows from Financing Activities:	
Repayment of long-term debt	<u>(4,316.43)</u>
Net Cash Provided (Used) by Financing Activities	<u>(4,316.43)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(357,136.84)
Cash and Cash Equivalents - June 30, 2011	<u>868,137.09</u>
Cash and Cash Equivalents - June 30, 2012	<u><u>\$ 511,000.25</u></u>
Supplemental Disclosure:	
Cash paid during the year for interest	<u><u>\$ 2,052.81</u></u>

The accompanying notes are an integral part of the financial statements

# NORTHERN TIER COMMUNITY ACTION CORPORATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2012

### Note 1 - Summary of Significant Accounting Policies

The summary of significant accounting policies of Northern Tier Community Action Corporation (Corporation) is presented to assist in understanding the Corporation's financial statements. The financial statements and notes are representations of the Corporation's management, who is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the Corporation's financial statements.

#### Programs and Activities

Northern Tier Community Action Corporation, a nonprofit organization, was organized in 1966, as the official anti-poverty agency of Pennsylvania's Cameron, Elk, McKean and Potter counties. The Corporation adheres to the Economic Opportunity Act of 1964, and the Community Services Act of 1975, dealing extensively with the "Economic Disadvantaged" of the four-county area.

#### Financial Statement Presentation

The Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Corporation is required to present a statement of cash flows.

#### Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Corporation reports gifts as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

#### Basis of Accounting

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

### Fair Value of Financial Instruments

The Company's financial instruments are cash and cash equivalents, accounts receivable, accounts payable, notes payable, and long-term debt. The recorded values of cash and cash equivalents, accounts receivable, and accounts payable approximate their fair values based on their short-term nature.

The recorded values of notes payable and long-term debt approximate their fair values, as interest approximates market rate.

### Accounts Receivable

No allowance for uncollectible accounts is maintained. Accounts determined to be uncollectible are specifically charged off.

### Inventory

Weatherization material inventories totaling \$78,163.81 at June 30, 2012, are stated at cost, determined by the first-in, first-out method. There were no commodity inventory items on hand at June 30, 2012.

Office and maintenance supply inventories are charged to operations at time of purchase.

### Income Tax Basis

The Corporation is a nonprofit organization exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code.

### Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents are considered to be all unrestricted highly liquid investments with maturities of three months or less at the time of acquisition.

### Compensated Absences

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

### Property and Equipment

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

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

	<u>Range of Lives</u>
Building and building improvements	40 years
Buses and vehicles	7 - 10 years
Program and office equipment	7 - 10 years

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

#### Functional Expenses

Expenses are charged to each program based on direct expenditures incurred. Labor expenditures are allocated to each program based on budgeted amounts.

#### Use of Estimates

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

#### Subsequent Events

Management has evaluated subsequent events through May 6, 2013, the date the financial statements were available.

#### Total Columns

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

#### Note 2 - Deposits

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

The Corporation's funds were deposited in checking and interest bearing accounts with Northwest Savings Bank, Emporium, PA. Separate accounts are maintained if contract provisions require that certain funds be segregated by funding source. Deposits are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

Balances by depository at June 30, 2012, follow.

<u>Name of Depository/ Account Title</u>	<u>Balance per Depository</u>
<u>Northwest Savings Bank</u>	
Child Care Information Services	\$ 91,875.45
Weatherization DOE	2,013.20
Weatherization LIHEAP	67,681.99
Community Services Block Grant	2,691.04
Head Start	18,269.22
Homeless Assistance	1,029.78
Head Start Policy Council	663.72
Child and Adult Care Food Program	14,299.72
Energy Assistance	1,642.59
Holding Account II	24,964.50
Consolidated Account	16,696.73
Master Account	60,142.24
Housing Component	27,668.90
Payroll Account	1,820.55
Food Program	2,102.84
Pre-K Counts	20,076.23
Local Planning Initiative	11,832.56
Money Market Housing	42,319.96
HSSAP	563.43
Title II Commodities	32,546.93
Employment Program	9,867.68
EA/TEFAP Money Market	50,769.72
ARRA	<u>823.25</u>
 Total	 <u>\$ 502,362.23</u>

Amounts deposited at Northwest Savings Bank as of June 30, 2012, in excess of FDIC coverage are collateralized by the bank under The Pooled Asset Act of August 6, 1971, P.L. 281, No. 72 as amended (Act #72). As of June 30, 2012, Northwest Savings Bank had \$288,046,114 (market value) in securities pledged to cover public funds deposits totaling \$258,459,981.

### Note 3 - Grants Receivable

The Corporation, under agreements with various regulatory agencies at federal, state and local levels of government, is receiving various grants to aid in the operations of programs for the economically disadvantaged. Grants receivable at June 30, 2012, consist of:

<u>Program</u>	<u>Amount</u>
Federal Amounts	
Child Care Information Services	\$ 10,208.38
TEFAP Program	2,512.90
Community Services Block Grant	83,677.69
Head Start	17,245.56
ARRA - Weatherization	31,730.30
Weatherization - DOE	127,007.00
Weatherization - LIHEAP	56,448.85
County of Cameron - Purchase of service contracts	<u>4,227.20</u>
Total Federal Amounts	333,057.88
Non-Federal Amounts	<u>85,938.15</u>
Total	<u>\$ 418,996.03</u>

### Note 4 - Property and Equipment

Property and equipment are summarized by major classifications as follows:

Land and buildings	\$ 187,235.23
Buses and vehicles	358,158.20
Program and office equipment	<u>130,102.86</u>
Total	675,496.29
Less: Accumulated depreciation	<u>419,073.18</u>
Property Net of Accumulated Depreciation	<u>\$ 256,423.11</u>

Depreciation expense for the year ended June 30, 2012, totaled \$32,199.68.

### Note 5 - Deferred Revenue

Grant funds received by the Corporation in excess of allowable contract costs or amounts are recorded by the Corporation as deferred revenue. Deferred revenue amounts are to be either repaid to grantors or to be applied to subsequent contracts or contract years.



Deferred revenue at June 30, 2012, consists of:

<u>Program</u>	<u>Amount</u>
Federal Amounts	
Work Ready	\$ 213.70
Head Start	<u>21,147.88</u>
Total Federal Amounts	21,361.58
Non-Federal Amounts	<u>107,140.18</u>
Total	<u>\$ 128,501.76</u>

Note 6 - Interest Due Grantors

Grant funds not immediately needed to meet expenditures were deposited into individual interest-bearing accounts. Interest earned on these funds through June 30, 2012, totals \$44.15. Analysis follows.

PA Department of Community and Economic Development	
Weatherization – LIHEAP	0.88
Head Start	10.33
ARRA – Weatherization Assistance for Low-Income Persons	2.15
ARRA – Homelessness Prevention and Rapid Re-Housing Program	<u>30.79</u>
	<u>\$ 44.15</u>

Note 7 - Debt

At June 30, 2012, the Corporation had an unsecured \$200,000 line of credit with no outstanding balance. The line of credit is for a twelve-month term, and bears interest at 3.25%. Interest is payable monthly, and principal is payable on demand.

Effective February 14, 2007, the Corporation entered into a commercial loan agreement with Northwest Savings Bank, St. Marys, PA. Loan proceeds were used to finance building improvements applicable to the Corporation's administrative offices. Following is a summary of the Corporation's long-term debt at June 30, 2012.

Commercial term loan payable to Northwest Savings Bank over a 120 month period, payable in equal monthly installments of \$530.77, including interest at 7.750% fixed, per annum on the unpaid principal balance, commencing March 2007, secured by property at 135 West 4 <sup>th</sup> Street, Emporium, PA.	<u>\$ 23,685.21</u>
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Following is a summary of changes in long-term debt for the year ended June 30, 2012.

	Northwest Savings Bank
Balance – July 1, 2011	\$ 28,001.64
Principal amounts paid	<u>(4,316.43)</u>
Balance – June 30, 2012	<u>\$ 23,685.21</u>

Following are maturities of long-term debt for each of the next five years.

2013	\$ 4,674.33
2014	5,087.38
2015	5,495.95
2016	5,937.35
2017	<u>2,490.20</u>
	<u>\$ 23,685.21</u>

#### Note 8 - Donated Use of Space and Service - Head Start In-Kind Contributions

The Corporation has available for its use, Head Start centers, meeting rooms and office space located throughout the four-county area. Free use of the facilities is allowed by the landlords. The Corporation, however, has entered into utility agreements with the landlords to aid in the operation of the facilities.

The Corporation's policy for recording Head Start In-Kind contributions is as follows:

In-Kind Services are based on the actual number of hours of donated time received using a \$9.51 minimum wage rate and applicable fringe at 20%.

In-Kind Space Costs are based on square footage rental value costs for classroom space, excluding utilities. Values used are determined by independent real estate appraisers.

In-Kind Consultants and Supplies are based on the actual costs that would have been charged had the service or supplies been purchased.

#### Note 9 - Retirement Plan

The Corporation maintains a defined contribution pension plan, qualified under Internal Revenue Code 403 (b), that covers substantially all full-time salaried and hourly paid employees. Employee contributions are withheld from the employees' wages at each pay ending. Employer contributions to the plan are based on a matching amount, equal to a maximum of 5% of each participant's annual compensation. Matching costs paid by the Corporation for the fiscal year ending June 30, 2012, totaled \$55,007.80.

Note 10 - Operating Leases

The Corporation leased warehouse facilities and office facilities under various operating leases. Leases are renewed on an annual basis. Lease payments for the fiscal year ended June 30, 2012, totaled \$17,431.00.

As disclosed in Note 8, the Corporation has entered into utilities agreements with landlords to aid in the operation of various Head Start Centers. The agreements expire at various times throughout the Corporation's fiscal year and are renewed annually. Utility agreement payments for the year ended June 30, 2012, totaled \$163,756.00.

Note 11 - Residential Rental Properties

The Corporation is the lessor of residential rental properties under operating leases. The terms of the leases do not exceed one year. Following is a summary of property held for lease at June 30, 2012:

<u>Location of Property</u>	<u>Cost</u>
106 West 7 <sup>th</sup> Street Emporium, PA	\$ 32,149.15
121-123 West 6 <sup>th</sup> Street Emporium, PA	<u>68,711.24</u>
	100,860.39
Less: Accumulated depreciation	<u>(41,978.16)</u>
Property Net of Accumulated Depreciation	<u>\$ 58,882.23</u>

Note 12 - Administrative Offices

The Corporation owns real property (land and buildings) located at 135 West Fourth Street, Emporium, PA. The buildings are being utilized for administrative offices. All programs utilizing office space share in the cost of operating and maintaining the facility.

For the twelve-month period ending June 30, 2012, the Corporation collected \$54,330.00 from the programs utilizing the facilities. Operating expenses (excluding interest) incurred for this same period, plus a 2% use allowance, totaled \$53,972.65.

Note 13 - Contingencies

The Corporation participates in both state and federal assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Corporation is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

SUPPLEMENTAL INFORMATION

# MAUTHE, YUTZEY & GABLER, LLC

*Certified Public Accountants*

TELEPHONE: (814) 371-1760

FAX: (814) 375-1003

Gregory L. Yutzey, CPA  
Larry A. Gabler, CPA

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING

P.O. Box 1029  
2882 Oklahoma-Salem Road  
DuBois, PA 15801

William L. Mauthe, CPA  
(Retired/Inactive)

## AGREED-UPON PROCEDURES

Northern Tier Community  
Action Corporation  
Emporium, PA 15834

### Members of the Board:

We have performed the procedures enumerated below, which were agreed to by the Commonwealth of Pennsylvania, Department of Public Welfare (DPW) and Northern Tier Community Action Corporation solely to assist you with respect to the financial schedules and exhibits required by the DPW Single Audit Supplement. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the DPW. 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 DPW for fiscal year ended June 30, 2012, have been accurately compiled and reflect the audited books and records of Northern Tier Community Action Corporation. We have also verified by comparison to the example schedules that these schedules are presented, at a minimum, at the level of detail and in the format required by the DPW Single Audit Supplement pertaining to this period.

<u>Program Name</u>	<u>Referenced Schedule/Exhibit</u>
Child Care Information Services (CCIS)	CCIS Recap

### MEMBER:

*American Institute of Certified Public Accountants  
Pennsylvania Institute of Certified Public Accountants*

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

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

This report is intended solely for the use of the Department of Public Welfare and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.



Mauthe, Yutzey & Gabler, LLC  
Certified Public Accountants  
May 6, 2013



NORTHERN TIER COMMUNITY ACTION CORPORATION

CCIS - NOTES TO SCHEDULES

June 30, 2012

Basis of Presentation

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

Reconciliation of CCIS RECAP WORKSHEET FOR FY 2011-2012, Total Due from DPW, to Schedule of Expenditures of Federal Awards, Accrued or Deferred Revenue at June 30, 2012

Reconciliation for the fiscal year ended June 30, 2012, follows.

Grant received subsequent to June 30, 2012	\$ 12,494.60
Less: State portion	<u>(2,286.22)</u>
Grants Receivable - Schedule of Expenditures of Federal Awards - June 30, 2012	<u>\$ 10,208.38</u>

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

Total Expenses - Statement of Functional Expenses	\$1,192,248.52
Less: Expenses funded by state monies	(401,608.38)
Interest income expended	<u>(79.33)</u>
Total Expenses - Schedule of Expenditures of Federal Awards	<u>\$ 790,560.81</u>

See Note 2, Notes to Schedule of Expenditures of Federal Awards, Page 32, for further detail of CCIS expenditures.



NORTHERN TIER COMMUNITY ACTION CORPORATION

SCHEDULE OF WEATHERIZATION PROGRAM EXPENSES

For The Year Ended June 30, 2012

	<u>Weatherization - LIHEAP</u>	<u>Weatherization - DOE</u>	<u>Weatherization - ARRA</u>	<u>Total</u>
Salaries and wages	\$ 25,424.94	\$ 28,656.87	\$ 255,830.41	\$ 309,912.22
Health and welfare	15,144.96	12,405.60	111,161.69	138,712.25
Pension expense	892.02	898.30	5,825.98	7,616.30
Payroll taxes	3,683.41	4,808.38	48,735.27	57,227.06
Consultant and professional fees	0.00	1,500.00	6,965.00	8,465.00
Subcontract	45,014.63	25,877.45	133,150.44	204,042.52
Supplies	422.38	332.96	7,786.86	8,542.20
Equipment and vehicles	669.50	0.00	20,867.52	21,537.02
Occupancy	3,014.00	0.00	20,107.00	23,121.00
Insurance	1,110.00	640.00	11,831.24	13,581.24
Training and technical assistance	0.00	0.00	136.06	136.06
Maintenance and vehicle operation	254.60	1,493.31	39,744.87	41,492.78
Travel	0.00	0.00	9,417.29	9,417.29
Postage	0.00	0.00	949.02	949.02
Telephone	596.41	241.40	4,358.65	5,196.46
Payroll processing	122.98	0.00	1,368.33	1,491.31
Materials installed	80,376.71	49,996.95	306,525.47	436,899.13
Repairs and maintenance	0.00	0.00	1,464.36	1,464.36
Advertising, printing and publication	0.00	19.48	5,850.80	5,870.28
Membership & subscriptions	0.00	0.00	1,200.00	1,200.00
Other operating expenses	3,598.19	136.30	1,696.82	5,431.31
Depreciation expense	0.00	0.00	16,490.54	16,490.54
Computer services	559.24	0.00	1,881.60	2,440.84
 Total Expenses	 <u>\$ 180,883.97</u>	 <u>\$ 127,007.00</u>	 <u>\$ 1,013,345.22</u>	 <u>\$ 1,321,236.19</u>

The accompanying notes are an integral part of the financial statements

NORTHERN TIER COMMUNITY ACTION CORPORATION  
SCHEDULE OF OTHER PROGRAM EXPENSES

For The Year Ended June 30, 2012

PROGRAM SERVICES

	HSSAP	HAP	Energy		Payroll	Counts	Food		Total
			Assistance	Payroll			Bank	Total	
Salaries and wages	\$ 17,571.02	\$ 1,401.77	\$ 52,760.20	\$ (84.19)	\$ 64,856.66	\$	0.00	\$ 136,505.46	
Health and welfare	15,569.05	151.49	(151.49)	0.00	21,336.98		0.00	36,906.03	
Pension expense	131.34	86.97	816.85	(0.02)	2,486.76		0.00	3,521.90	
Payroll taxes	2,649.30	133.85	13,481.11	(997.89)	8,257.67		0.00	23,524.04	
Consultant and professional fees	267.00	350.00	2,478.00	0.00	1,683.07		0.00	4,778.07	
Subcontract	0.00	0.00	31,523.74	0.00	0.00		0.00	31,523.74	
Supplies	1,129.21	0.00	218.91	0.00	5,461.58		0.00	6,809.70	
Equipment and vehicles	499.99	0.00	690.04	0.00	4,907.19		0.00	6,097.22	
Occupancy	13,200.00	360.00	0.00	0.00	0.00		0.00	13,560.00	
Insurance	444.00	0.00	423.92	0.00	798.00		0.00	1,665.92	
Training & technical assistance	25.00	0.00	0.00	0.00	2,963.13		0.00	2,988.13	
Maintenance and vehicle operation	187.00	0.00	0.00	0.00	0.00		0.00	187.00	
Travel	1,684.00	0.00	1,859.81	0.00	87.50		0.00	3,631.31	
Postage	0.00	0.00	2,843.75	0.00	0.00		0.00	2,843.75	
Telephone	986.12	123.64	490.20	0.00	517.20		0.00	2,117.16	
Payroll processing	112.49	19.11	62.35	0.00	169.41		0.00	363.36	
Direct aid to individuals	0.00	4,570.00	23,727.44	0.00	0.00		0.00	28,297.44	
Materials installed	0.00	0.00	109,956.46	0.00	0.00		0.00	109,956.46	
Advertising, printing and promotion	0.00	0.00	1,194.25	0.00	2,915.24		0.00	4,109.49	
Parent activities	0.00	0.00	0.00	0.00	79.59		0.00	79.59	
Other operating expenses	0.00	2.00	10.42	28.21	106.83		0.00	147.46	
Depreciation expense	0.00	0.00	1,053.14	0.00	0.00		0.00	1,053.14	
Food and related expenses	1,021.25	0.00	0.00	0.00	963.23		3.96	1,988.44	
Nonfood expenses	118.75	0.00	0.00	0.00	159.96		0.00	278.71	
Computer services	0.00	0.00	680.15	0.00	0.00		0.00	680.15	
<b>Total Expenses</b>	<b>\$ 55,595.52</b>	<b>\$ 7,198.83</b>	<b>\$ 244,119.25</b>	<b>\$ (1,053.89)</b>	<b>\$ 117,750.00</b>	<b>\$</b>	<b>3.96</b>	<b>\$ 423,613.67</b>	

The accompanying notes are an integral part of the financial statements

NORTHERN TIER COMMUNITY ACTION CORPORATION

SCHEDULE OF AGENCY ACTIVITY EXPENSES

For The Year Ended June 30, 2012

	<u>Master</u>	<u>Holding II</u>	<u>Housing</u>	<u>Total</u>
Salaries and wages	\$ 0.00	\$ 72,614.38	\$ 3,767.09	\$ 76,381.47
Health and welfare	0.00	4,686.56	3,014.56	7,701.12
Pension expense	0.00	2,726.28	188.38	2,914.66
Payroll taxes	0.00	9,910.52	505.23	10,415.75
Consultant and professional fees	0.00	0.00	1,897.70	1,897.70
Supplies	2,074.94	3,504.15	55.85	5,634.94
Equipment and vehicles	0.00	1,851.69	0.00	1,851.69
Occupancy	0.00	0.00	1,800.00	1,800.00
Insurance	0.00	0.00	2,241.28	2,241.28
Maintenance and vehicle operation	0.00	0.00	1,855.72	1,855.72
Postage	0.00	136.05	0.00	136.05
Telephone	(1,663.39)	0.00	198.89	(1,464.50)
Payroll processing	(889.36)	62.35	95.08	(731.93)
Direct aid to individuals	0.00	1,850.00	0.00	1,850.00
Repairs and maintenance	0.00	2,559.80	0.00	2,559.80
Advertising, printing and promotion	(1,078.41)	0.00	135.01	(943.40)
Dues and subscriptions	135.00	1,075.00	0.00	1,210.00
Other operating expenses	753.27	20,624.45	3,436.31	24,814.03
Depreciation	3,147.70	505.27	2,339.08	5,992.05
Uncollectible prior year grants	0.00	0.00	4,420.00	4,420.00
Interest expense	2,052.81	0.00	0.00	2,052.81
Food and related expenses	0.00	2,112.56	0.00	2,112.56
Computer services	1,380.76	(8,781.18)	797.48	(6,602.94)
Total Expenses	<u>\$ 5,913.32</u>	<u>\$ 115,437.88</u>	<u>\$ 26,747.66</u>	<u>\$ 148,098.86</u>

The accompanying notes are an integral part of the financial statements

NORTHERN TIER COMMUNITY ACTION CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2012

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program Award Amount	Total Received for Year	Cash/Accrued or (Deferred) Revenue at July 1, 2011	Receipts or Revenue Recognized	Disbursements/ Expenditures	Transfers	Cash/Accrued or (Deferred) Revenue at June 30, 2012
Department of Health and Human Services (DHHS)									
Direct Program									
Head Start	93.600	03CH2865/44	1,909,477.00	1,471,494.44	(2,892.71)	1,474,387.15	1,474,387.15	- 0 -	- 0 -
Head Start	93.600	03CH2865/46	1,923,017.00	384,059.20	- 0 -	380,156.88	380,156.88	- 0 -	(3,902.32)
Head Start	93.600	N/A	N/A	2,635.05	- 0 -	2,635.05	2,635.05	- 0 -	- 0 -
PA Department of Community and Economic Development									
Community Services Block Grant	93.569	C000047236	561,425.00	205,656.25	(18,867.08)	224,523.33	224,523.33	- 0 -	- 0 -
Community Services Block Grant	93.569	C000052478	270,000.00	- 0 -	- 0 -	83,677.69	83,677.69	- 0 -	83,677.69
Low-Income Home Energy Assistance Program (LIHEAP)	93.568	C000050545	299,173.00	124,465.12	30.00	180,883.97	180,883.97	- 0 -	56,448.85
PA Department of Public Welfare									
Work Ready Program	93.558	4100045038	156,291.87	6,960.78	6,960.78	- 0 -	- 0 -	- 0 -	- 0 -
Work Ready Program	93.558	4100057946	146,804.00	58,528.05	- 0 -	58,314.35	58,314.35	- 0 -	(213.70)
Inspirtac									
Work Ready Program	93.558	4100057946	146,804.00	32,568.62	- 0 -	32,568.62	32,568.62	- 0 -	- 0 -
Temporary Assistance for Needy Families (TANF)	93.558	DC10-129952	1,530.55	1,530.55	1,530.55	- 0 -	- 0 -	- 0 -	- 0 -
Child Care and Development Block Grant	93.575	DC10-129952	2,611.63	2,611.63	2,611.63	- 0 -	- 0 -	- 0 -	- 0 -
Social Services Block Grant	93.667	DC11-129952	80,822.04	80,822.04	- 0 -	80,822.04	80,822.04	- 0 -	- 0 -

\* Fee-For-Service

The accompanying notes are an integral part of the financial statements

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Page 2

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program Award Amount	Total Received for Year	Cash/Accrued or (Deferred) Revenue at July 1, 2011	Receipts or Revenue Recognized	Disbursements/ Expenditures	Transfers	Cash/Accrued or (Deferred) Revenue at June 30, 2012
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	DC11-129952	144,379.18	144,379.18	- 0 -	144,379.18	144,379.18	- 0 -	- 0 -
Temporary Assistance for Needy Families (TANF)	93.556	DC11-129952	23,571.87	23,571.87	- 0 -	23,571.87	23,571.87	- 0 -	- 0 -
Food Stamps Program	10.561	DC11-129952	15,808.67	15,808.67	- 0 -	15,808.67	15,808.67	- 0 -	- 0 -
ARRA - Child Care and Development Block Grant	93.713	DC11-129952	27,003.02	27,003.02	- 0 -	27,003.02	27,003.02	- 0 -	- 0 -
Child Care and Development Block Grant	93.575	DC11-129952	498,976.03	488,767.65	- 0 -	498,976.03	498,976.03	- 0 -	10,208.38
Northwest Institute of Research									
Local Education and Resource Network	93.575	N/A	100,000.00	100,000.00	- 0 -	100,000.00	100,000.00	- 0 -	- 0 -
Total Department of Health and Human Services Department of Energy (DOE)			3,170,862.12	3,327,707.85	(10,626.83)	3,327,707.85	3,327,707.85	- 0 -	146,218.90
PA Department of Community and Economic Development									
Weatherization Assistance for Low-Income Persons	81.042	C000050545	287,100.00	57,209.00	57,209.00	127,007.00	127,007.00	- 0 -	127,007.00
ARRA - Weatherization Assistance for Low-Income Persons	81.042	C000046245	3,480,100.00	894,316.68	(70,807.70)	996,854.68	996,854.68	- 0 -	31,730.30
Total Department of Energy Department of Agriculture			961,525.68	1,123,861.68	(13,598.70)	1,123,861.68	1,123,861.68	- 0 -	158,737.30
PA Department of Agriculture/ Cameron, Elk and Potter Counties									

• Fee-For-Service

The accompanying notes are an integral part of the financial statements

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Page 3

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program Award Amount	Total Received for Year	Cash/Accrued or (Deferred) Revenue at July 1, 2011	Receipts or Revenue Recognized	Disbursements/ Expenditures	Transfers	Cash/Accrued or (Deferred) Revenue at June 30, 2012
Agreement for Distribution of Donated Commodities	10.569	N/A	N/A	26,002.28	- 0 -	26,002.28	26,002.28	- 0 -	- 0 -
The Emergency Food Assistance Program (Administrative Cost) *	10.568	N/A	N/A	7,790.12	3,836.34	6,466.68	6,466.68	- 0 -	2,512.90
ARRA - The Emergency Food Assistance Program (Administrative Cost) *	10.568	N/A	N/A	54.72	54.72	- 0 -	- 0 -	- 0 -	- 0 -
PA Department of Education									
Child and Adult Care Food Program *	10.558	300-12-500-00	N/A	133,080.19	- 0 -	133,080.19	133,080.19	- 0 -	- 0 -
County of Cameron									
Rural Business Enterprises Grants	10.769	N/A	N/A	10,918.98	174.83	12,153.22	12,153.22	- 0 -	1,409.07
Total Department of Agriculture				177,846.29	4,066.89	177,702.37	177,702.37	- 0 -	3,921.97
Department of Housing and Urban Development									
Direct Program									
Emergency Homeowners' Loan Program	14.323	N/A	N/A	2,275.00	125.00	2,150.00	2,150.00	- 0 -	- 0 -
PA Housing Finance Agency									
Foreclosure Mitigation Counseling Program *	14.169	N/A	N/A	2,250.00	2,250.00	- 0 -	- 0 -	- 0 -	- 0 -
Foreclosure Mitigation Counseling Program *	14.169	N/A	N/A	- 0 -	2,600.00	- 0 -	- 0 -	(2,600.00)	- 0 -
Foreclosure Mitigation Counseling Program *	14.169	N/A	N/A	300.00	- 0 -	300.00	300.00	- 0 -	- 0 -

\* Fee-For-Service

The accompanying notes are an integral part of the financial statements

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Page 4

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program Award Amount	Total Received for Year	Cash/Accrued or (Deferred) Revenue at July 1, 2011	Receipts or Revenue Recognized	Disbursements/ Expenditures	Transfers	Cash/Accrued or (Deferred) Revenue at June 30, 2012
County of Cameron									
Community Development Block Grant	14.218	N/A	N/A	31,578.00	3,496.67	30,999.46	30,999.46	- 0 -	2,818.13
Home Investment Partnerships Program	14.239	N/A	N/A	9,957.39	874.17	9,083.22	9,083.22	- 0 -	- 0 -
PA Department of Community and Economic Development									
Potter County Commissioners									
ARRA - Homelessness Prevention and Rapid Re-Housing Program	14.257	C000046189	40,335.00	18,507.00	(2,216.13)	20,723.13	20,723.13	- 0 -	- 0 -
Elk County Commissioners									
ARRA - Homelessness Prevention and Rapid Re-Housing Program	14.257	C000046189	176,810.00	73,060.00	(5,752.30)	78,812.30	78,812.30	- 0 -	- 0 -
Cameron County Commissioners									
ARRA - Homelessness Prevention and Rapid Re-Housing Program	14.257	C000046119	30,969.00	11,997.00	(2,947.79)	14,944.79	14,944.79	- 0 -	- 0 -
Total Department of Housing and Urban Development				150,024.39	(1,570.38)	157,012.90	157,012.90	(2,600.00)	2,818.13
Federal Emergency Management Agency									
United Way of America	97.024	29-721000	500.00	500.00	- 0 -	500.00	500.00	- 0 -	- 0 -
United Way of America	97.024	29-721000	2,012.00	2,012.00	- 0 -	2,012.00	2,012.00	- 0 -	- 0 -
Total Federal Emergency Management Agency				2,512.00	0.00	2,512.00	2,512.00	- 0 -	- 0 -
Total				\$ 4,452,770.48	\$ (21,730.02)	\$ 4,788,796.80	\$ 4,788,796.80	\$ (2,600.00)	\$ 311,696.30

\* Fee-For-Service

The accompanying notes are an integral part of the financial statements

NORTHERN TIER COMMUNITY ACTION CORPORATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2012

Note 1 The financial information presented on the Schedule of Expenditures of Federal Awards was prepared in accordance with guidance provided by grant awarding agencies. The agencies provide guidance on the billing and reporting of contract and grant claimed costs; however, such guidance is not considered a regulatory basis of accounting, nor is it in accordance with generally accepted accounting principals. Purchases of fixed assets are reported as allowable period contract costs, versus capitalizing and depreciating the cost of those fixed assets over their estimated useful lives in accordance with generally accepted accounting principles.

Note 2 Child Care Information Services - Contract No. DC11-129952

Funds received by the Corporation for the year ended June 30, 2012, from the PA Department of Public Welfare (DPW) for Subsidized Child Day Care (CCIS) contained funding from various sources. Analysis follows.

<u>Description/CFDA #</u>	<u>Amount Received</u>	<u>Amount Expended</u>	<u>Amount Due From DPW</u>
Food Stamps Program/10.561	\$ 15,808.67	\$ 15,808.67	\$ - 0 -
Temporary Assistance for Needy Families/93.558	23,571.87	23,571.87	- 0 -
Child Care and Development Block Grant/93.575	488,767.65	498,976.03	10,208.38
Child Care Mandatory and Matching Funds of the Childcare and Development Fund/93.598	144,379.18	144,379.18	- 0 -
Social Services Block Grant/93.667	80,822.04	80,822.04	- 0 -
ARRA - Child Care and Development Block Grant/93.713	<u>27,003.02</u>	<u>27,003.02</u>	<u>- 0 -</u>
Total Federal	780,352.43	790,560.81	10,208.38
State Funds	<u>399,322.16</u>	<u>401,608.38</u>	<u>2,286.22</u>
Total Subsidized Child Day Care	<u>\$1,179,674.59</u>	<u>\$1,192,169.19</u>	<u>\$ 12,494.60</u>

Note 3 Fee-For-Service

The Corporation recognizes revenue applicable to fee-for-service contracts as services are performed. For presentation on the Schedule of Expenditures of Federal Awards, program expenditures were assumed to be equal to revenue recognized. However, actual expenditures may vary from amounts presented.



Note 4 Department of Agriculture - Donated Commodities

Beginning and ending deferred revenue balances represent the amounts of donated commodities inventory on hand as of those dates. Analysis follows.

Beginning inventory - July 1, 2011	\$	- 0 -	
Commodities received		26,002.28	
Commodities disbursed		<u>(26,002.28)</u>	
Ending Inventory - June 30, 2012	\$	<u>- 0 -</u>	

Note 5 The Emergency Food Assistance Program

Funds provided the Corporation for The Emergency Food Assistance Program administrative costs as presented in the Schedule of Expenditures of Federal Awards may not be exclusively federal funds. County dollars are provided the Corporation when allowable administrative costs exceeded federal allotments. Specific identification was not made for financial statement presentation.

Note 6 Reconciliation of Statement of Financial Position to Schedule of Expenditures of Federal Awards

Statement of financial position account balances at June 30, 2012:

Grants receivable	\$ 418,996.03	
Less: Non-federal awards	<u>(85,938.15)</u>	
		333,057.88
Deferred Revenue	(128,501.76)	
Less: Non-federal awards	<u>107,140.18</u>	
		<u>(21,361.58)</u>
Total Cash/Accrued or (Deferred) Revenue at June 30, 2012, Schedule of Expenditures of Federal Awards		<u>\$ 311,696.30</u>

Note 7 Reconciliation of Expenses per Statement of Activities to Schedule of Expenditures of Federal Awards

Total Expenses per Statement of Activities	\$ 6,259,893.99
Less: Nonfederal program funds	(993,688.68)
Less: In-Kind expenses	(466,931.82)
Less: Depreciation expense – federal programs	<u>(25,154.49)</u>
	4,774,119.00
Add: Fixed asset purchases – federal programs	<u>14,677.80</u>
Total Expenses – Schedule of Expenditures of Federal Awards	<u>\$ 4,788,796.80</u>

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

Northern Tier Community  
Action Corporation  
Emporium, PA 15834

Members of the Board:

We have audited the financial statements of Northern Tier Community Action Corporation (a nonprofit organization) as of and for the year ended June 30, 2012 and have issued our report thereon dated May 6, 2013. 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.

Internal Control over Financial Reporting

Management of Northern Tier Community Action Corporation is responsible for establishing and maintaining effective internal control over financial reporting.

In planning and performing our audit, we considered Northern Tier Community Action Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected, and corrected on a timely basis.

*MEMBER:*

*American Institute of Certified Public Accountants  
Pennsylvania Institute of Certified Public Accountants*

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northern Tier Community Action Corporation's financial statements are free of 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*.

This report is intended solely for the information and use of Northern Tier Community Action Corporation's Board of Directors, the audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Mauthe, Yutzey & Gable, LLC*

Mauthe, Yutzey & Gable, LLC  
Certified Public Accountants  
May 6, 2013

# MAUTHE, YUTZEY & GABLER, LLC

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND  
MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133

Northern Tier Community  
Action Corporation  
Emporium, PA 15834

Members of the Board:

Compliance

We have audited Northern Tier Community Action Corporation's (a nonprofit organization) compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. Northern Tier Community Action Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Northern Tier Community Action Corporation's management. Our responsibility is to express an opinion on Northern Tier Community Action Corporation's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Northern Tier Community Action Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Northern Tier Community Action Corporation's compliance with those requirements.

**MEMBER:**

*American Institute of Certified Public Accountants*  
*Pennsylvania Institute of Certified Public Accountants*

In our opinion, Northern Tier Community Action Corporation complied, in all material respects, with the 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, 2012.


#### Internal Control Over Compliance

The management of Northern Tier Community Action Corporation is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Northern Tier Community Action Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northern Tier Community Action Corporation's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, as defined above.

This report is intended solely for the information and use of Northern Tier Community Action Corporation's Board of Directors, the audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
Mauthe, Yutzy & Gabler, LLC  
Certified Public Accountants  
May 6, 2013

NORTHERN TIER COMMUNITY ACTION CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2012

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Section I - Summary of Auditor's Result

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Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Significant deficiency(ies) in internal control disclosed by audit?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

Federal Awards

Internal control over major programs:

- Significant deficiency(ies) in internal control over major programs disclosed by audit?  Yes  None reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?  Yes  No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	
93.569	Community Services Block Grant	308,201.02
81.042	Weatherization Assistance for Low Income Persons	127,007.00
81.042	ARRA - Weatherization Assistance for Low Income Persons	996,854.68
93.575	Child Care and Development Block Grant	598,976.03
93.596	Child Care Mandatory and Matching Funds of the Childcare and Development Fund	144,379.18
14.257	ARRA - Homelessness Prevention and Rapid Re-Housing Program	114,480.22
93.713	ARRA - Child Care and Development Block Grant	27,003.02
93.667	Social Services Block Grant	80,822.04
10.561	Food Stamps Program	15,808.67

NORTHERN TIER COMMUNITY ACTION CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2012  
(Continued)

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Section I - Summary of Auditor's Result

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Dollar threshold used to distinguish  
Between type A and type B programs:           \$ 300,000

Auditee qualified as low-risk auditee?            \_\_\_ Yes    X No

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Section II - Financial Statement Findings

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No financial statement findings - schedule does not apply

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Section III - Federal Award Findings and Questioned Costs

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No federal award findings and questioned costs - schedule does not apply



NORTHERN TIER COMMUNITY ACTION CORPORATION

REPORT ON PRIOR YEAR'S AUDIT FINDINGS

For The Year Ended June 30, 2012

Finding No. 2011-1

Condition: The Organization did not submit Form SF-SAC (Data Collection Form) and the Single Audit reporting package in accordance with the Single Audit Act Amendments of 1996, and the Office of Management and Budget Circular A-133 within nine months of the end of their audit period.

Recommendation: The Organization should implement controls to ensure that the SF-SAC (Data Collection Form) and the Single Audit reporting package are filed within nine months of the end of their audit period in accordance with the Single Audit Act Amendments of 1996, and the Office of Management and Budget Circular A-133.

Current Status: The recommendation was adopted by the Organization, however, the submission of this report was delayed for the year ending June 30, 2012, due to employee and departmental changes that slowed the program close process subsequent to year-end.