

NORTHERN TIER COMMUNITY

ACTION CORPORATION

Emporium, Pennsylvania

DUNS: 088417589

FINANCIAL STATEMENTS

June 30, 2013

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*Certified Public Accountants*

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Gregory L. Yutzey, CPA  
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## INDEPENDENT AUDITOR'S REPORT

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

William L. Mauthe, CPA  
(Retired/Inactive)

Northern Tier Community  
Action Corporation  
Emporium, PA 15834

Members of the Board:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Northern Tier Community Action Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year 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. Those standards 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.

*MEMBER:*

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

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 Northern Tier Community Action Corporation as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The financial information listed as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Organization. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated March 19, 2014, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northern Tier Community Action Corporation's internal control over financial reporting and compliance.



Mauthe, Yutzey, Gabler & Troxell, LLC  
Certified Public Accountants  
March 19, 2014

NORTHERN TIER COMMUNITY ACTION CORPORATION

STATEMENT OF FINANCIAL POSITION

June 30, 2013

ASSETS

Current Assets:

Cash in bank	\$ 673,161.05
Prepaid expenses	1,324.88
Accounts receivable	1,109.22
Grants receivable	244,679.04
Inventory - materials	80,352.88

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Total Current Assets 1,000,627.07

Property and Equipment, at cost, net  
of accumulated depreciation

286,425.27

Total Assets

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\$ 1,287,052.34

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 143,320.24
Accrued salaries and fringes payable	22,880.67
Deferred revenue	103,204.01
Interest due grantors	6.94
Notes payable - current portion	5,055.14

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Total Current Liabilities 274,467.00

Long-Term Liabilities:

Notes payable - net of current portion

13,958.84

Total Liabilities

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288,425.84

Net Assets:

Unrestricted

998,626.50

Total Liabilities and Net Assets

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\$ 1,287,052.34

The accompanying notes are an integral part of the financial statements

STATEMENT OF ACTIVITIES

For The Year Ended June 30, 2013

Support and Revenue:	
Support:	
Grants	\$ 4,046,462.34
In-Kind contributions	507,597.03
Commodities	30,892.13
	<hr/>
Total Support	4,584,951.50
	<hr/>
Revenue:	
Program service fees	61,738.00
Rental income	62,556.51
Interest income	665.18
Program income	362,313.33
	<hr/>
Total Revenue	487,273.02
	<hr/>
Total Support and Revenue	5,072,224.52
	<hr/>
Expenses:	
Program Services:	
Weatherization	450,424.14
Child Care Information Services (CCIS)	949,634.28
Head Start	2,349,108.76
Community Services Block Grant (CSBG)	315,904.37
The Emergency Food Assistance Program (TEFAP)/	
Child and Adult Care Food Program (CACFP)	234,575.30
Work Ready Program	21,159.74
Local Education and Resource Network (LEARN)	3,846.04
Other Programs	510,430.93
	<hr/>
Total Program Services	4,835,083.56

The accompanying notes are an integral part of the financial statements

STATEMENT OF ACTIVITIES

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Support Services:	
Agency Activities	<u>152,576.82</u>
Total Expenses	<u>4,987,660.38</u>
Change in Net Assets	84,564.14
Net Assets, beginning of year	<u>914,062.36</u>
Net Assets, end of year	<u><u>\$ 998,626.50</u></u>

The accompanying notes are an integral part of the financial statements



NORTHERN TIER COMMUNITY ACTION CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2013

PROGRAM SERVICES

	Weatheriza- tion	CCIS	Head Start	CSBG	TEFAP/ CACFP	Work Ready	Learn	Other Programs	Agency Activities	Total
Salaries and wages	\$ 138,861.29	\$ 133,491.11	\$ 828,356.13	\$ 194,289.11	\$ 16,654.57	\$ 387.42	\$ 1,626.88	\$ 169,758.34	\$ 92,061.33	\$ 1,575,486.18
Health and welfare	48,726.03	41,264.71	279,075.30	50,196.16	10,395.79	0.00	1,226.73	64,425.34	6,736.96	502,047.02
Pension expense	4,131.07	6,054.55	22,643.00	8,629.03	264.75	18.64	52.17	5,294.03	3,437.04	50,514.28
Payroll taxes	24,729.86	17,413.93	123,244.83	23,436.73	2,267.65	36.45	152.27	26,101.38	12,924.71	230,307.81
<b>Total Salaries and Related Expenses</b>	<b>216,448.25</b>	<b>198,224.30</b>	<b>1,253,319.26</b>	<b>276,551.03</b>	<b>29,572.76</b>	<b>442.51</b>	<b>3,056.05</b>	<b>265,579.09</b>	<b>115,160.04</b>	<b>2,368,355.29</b>
Commodities distributed	0.00	0.00	0.00	0.00	30,889.89	0.00	0.00	0.00	0.00	30,889.89
Consultant and professional fees	3,237.00	10,950.00	14,930.16	1,500.00	0.00	0.00	250.00	54,408.43	1,798.90	87,074.49
Subcontract	40,404.69	0.00	0.00	0.00	0.00	20,465.08	0.00	34,792.63	0.00	95,662.40
Supplies	6,677.80	5,327.91	111,536.08	569.98	34.80	0.00	9.51	19,786.52	3,669.10	147,611.70
Equipment and vehicles	6,166.41	3,654.69	66,054.82	0.00	0.00	0.00	0.00	6,106.27	1,967.18	83,949.37
In-Kind	0.00	0.00	507,597.03	0.00	0.00	0.00	0.00	0.00	0.00	507,597.03
Occupancy	11,273.14	11,692.00	173,950.00	11,200.00	2,040.00	0.00	220.00	5,814.88	2,795.99	218,986.01
Insurance	14,778.73	1,543.00	11,417.00	5,638.90	1,274.93	239.37	52.64	5,743.43	2,086.67	42,774.67
Training and technical assistance	1,250.00	114.89	33,000.43	782.50	0.00	0.00	0.00	1,027.08	0.00	36,174.90
Maintenance and vehicle operation	16,202.33	0.00	1,754.80	2,425.25	1,410.93	0.00	0.00	2,438.00	0.00	24,231.31
Travel	3,334.19	4,057.01	20,793.07	2,968.56	235.00	0.00	0.00	2,388.13	57.12	33,833.08
Postage	515.53	2,936.00	4,062.30	156.35	0.00	0.00	0.00	4,592.84	130.00	12,393.02
Telephone	2,251.20	4,303.11	34,240.36	4,025.37	504.14	0.00	210.21	2,643.56	1,236.00	49,413.95
Payroll processing	495.74	483.00	3,531.53	593.85	70.40	0.00	31.17	426.31	14.90	5,646.90
Contracted transportation	0.00	0.00	38,151.00	0.00	0.00	0.00	0.00	0.00	0.00	38,151.00
Direct aid to individuals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,822.00	3,822.00
Materials installed	103,067.62	0.00	0.00	0.00	0.00	0.00	0.00	69,892.58	0.00	172,960.20
Repairs and maintenance	1,325.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	243.30	1,569.00
Advertising, printing and publications	2,473.33	3,763.46	26,035.37	1,340.73	310.86	0.00	0.00	2,975.05	(2,127.49)	34,771.31

The accompanying notes are an integral part of the financial statements

STATEMENT OF FUNCTIONAL EXPENSES

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PROGRAM SERVICES

	Weatheriza- tion	CCIS	Head Start	CSBG	TEFAP/ CACFP	Work Ready	Learn	Other Programs	Agency Activities	Total
Memberships and dues	1,250.00	0.00	0.00	1,861.00	0.00	0.00	0.00	0.00	1,782.50	4,893.50
Parent activities	0.00	0.00	10,570.27	0.00	0.00	0.00	0.00	624.41	0.00	11,194.68
Other operating expenses	2,383.30	0.00	4,675.92	1,422.95	0.00	0.00	14.46	19,859.94	24,605.48	52,962.05
Depreciation	16,490.54	0.00	9,237.78	2,950.99	0.00	0.00	0.00	1,053.14	5,662.32	35,394.77
Interest expense	0.00	720.00	0.00	0.00	144.00	12.78	0.00	0.00	1,698.01	2,574.79
Food and related expenses	0.00	0.00	9,553.89	0.00	160,825.16	0.00	0.00	7,653.25	1,878.30	179,910.60
Non-food items	0.00	0.00	2,083.91	0.00	6,979.68	0.00	0.00	279.55	0.00	9,343.14
Computer services	398.64	1,969.15	12,613.78	1,916.91	282.75	0.00	0.00	2,345.84	(13,903.50)	5,623.57
Provider payments	0.00	699,895.76	0.00	0.00	0.00	0.00	0.00	0.00	0.00	699,895.76
<b>Total Expenses</b>	<b>\$ 450,424.14</b>	<b>\$ 949,634.28</b>	<b>\$ 2,349,108.76</b>	<b>\$ 315,904.37</b>	<b>\$ 234,575.30</b>	<b>\$ 21,159.74</b>	<b>\$ 3,846.04</b>	<b>\$ 510,430.93</b>	<b>\$ 152,576.82</b>	<b>\$ 4,987,660.38</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, 2013

Cash Flows from Operating Activities:	
Increase (Decrease) in net assets	\$ 84,564.14
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities	
Depreciation	35,394.77
(Increase) Decrease in Operating Assets	
Prepaid expenses	2,336.12
Accounts receivable	174,316.99
Grants receivable	69,505.25
Inventory	(2,189.07)
Increase (Decrease) in Operating Liabilities	
Accounts payable	(62,562.07)
Accrued salaries and fringes payable	43,802.21
Deferred revenue	25,297.75
Interest due grantors	(37.21)
Net Cash Provided (Used) by Operating Activities	<u>232,228.96</u>
Cash Flows from Investing Activities:	
Additions to capital assets	<u>(65,396.93)</u>
Net Cash Provided (Used) by Investing Activities	<u>(65,396.93)</u>
Cash Flows from Financing Activities:	
Repayment of long-term debt	<u>4,671.23</u>
Net Cash Provided (Used) by Financing Activities	<u>4,671.23</u>
Net Increase (Decrease) in Cash and Cash Equivalents	162,160.80
Cash and Cash Equivalents - June 30, 2012	<u>511,000.25</u>
Cash and Cash Equivalents - June 30, 2013	<u><u>\$ 673,161.05</u></u>
Supplemental Disclosure:	
Cash paid during the year for interest	<u><u>\$ 2,574.79</u></u>

The accompanying notes are an integral part of the financial statements

NORTHERN TIER COMMUNITY ACTION CORPORATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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 \$80,352.88 at June 30, 2013, are stated at cost, determined by the first-in, first-out method. There were no commodity inventory items on hand at June 30, 2013.

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 March 19, 2014, 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, 2013, follow.

<u>Name of Depository/ Account Title</u>	<u>Balance per Depository</u>
<u>Northwest Savings Bank</u>	
Child Care Information Services	\$ 52,440.78
Weatherization DOE	19,250.71
Weatherization LIHEAP	86,184.73
Community Services Block Grant	17,908.33
Head Start	4.21
Homeless Assistance	2,829.11
Head Start Policy Council	663.72
Child and Adult Care Food Program	9,755.60
Energy Assistance	62,257.64
Holding Account II	21,498.07
Consolidated Account	6,002.00
Master Account	36,155.34
Housing Component	28,335.83
Payroll Account	1,565.86
Food Program	1,082.67
Pre-K Counts	8,913.83
Money Market Housing	42,388.56
HSSAP	11,884.14
Title II Commodities	33,938.57
EA/TEFAP Money Market	<u>151,137.69</u>
Total	<u>\$ 594,197.39</u>

Amounts deposited at Northwest Savings Bank as of June 30, 2013, 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, 2013, Northwest Savings Bank had \$300,828,294 (market value) in securities pledged to cover public funds deposits totaling \$303,169,283.

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, 2013, consist of:

<u>Program</u>	<u>Amount</u>
Federal Amounts	
Child Care Information Services	\$ 26,034.75
Housing Counseling Assistance Program	150.00
Community Services Block Grant	69,196.30
Head Start	53,945.37
Weatherization – DOE	12,873.41
Weatherization – LIHEAP	9,056.44
County of Cameron – Purchase of service contract	3,883.20
TEFAP Program	<u>527.94</u>

Total Federal Amounts	175,667.41
Non-Federal Amounts	<u>69,011.63</u>
Total	<u>\$ 244,679.04</u>

Note 4 - Property and Equipment

Property and equipment are summarized by major classifications as follows:

Land and buildings	\$ 217,159.36
Buses and vehicles	199,135.31
Program and office equipment	<u>165,575.90</u>
Total	581,870.57
Less: Accumulated depreciation	<u>(295,445.30)</u>
Property Net of Accumulated Depreciation	<u>\$ 286,425.27</u>

Depreciation expense for the year ended June 30, 2013, totaled \$35,394.77.

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, 2013, consists of:

<u>Program</u>	<u>Amount</u>
Federal Amounts	
Community Services Block Grant	\$ 9,076.02
Head Start	<u>11,714.96</u>
Total Federal Amounts	20,790.98
Non-Federal Amounts	<u>82,413.03</u>
Total	<u>\$ 103,204.01</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, 2013, totals \$6.94. Analysis follows.

PA Department of Community and Economic Development	
Weatherization - LIHEAP	\$ 2.22
Weatherization - DOE	0.51
Head Start	<u>4.21</u>
Total	<u>\$ 6.94</u>



Note 7 - Debt

At June 30, 2013, 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, 2013.

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. \$ 19,013.98

Following is a summary of changes in long-term debt for the year ended June 30, 2013.

	Northwest Savings Bank
Balance – July 1, 2012	\$ 23,685.21
Principal amounts paid	<u>(4,671.23)</u>
Balance – June 30, 2013	\$ <u>19,013.98</u>

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

2014	\$ 5,087.39
2015	5,495.95
2016	5,937.35
2017	2,493.29
2018	<u>0.00</u>
	\$ <u>19,013.98</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 \$9.49 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, 2013, totaled \$50,514.28.

#### 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, 2013, totaled \$5,531.58.

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, 2013, totaled \$160,915.00.

#### 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, 2013:

<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>(44,317.24)</u>
Property Net of Accumulated Depreciation	<u>\$ 56,543.15</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, 2013, the Corporation collected \$45,756.51 from the programs utilizing the facilities. Operating expenses (excluding interest) incurred for this same period, plus a 2% use allowance, totaled \$57,511.08.

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 & TROXELL, LLC

*Certified Public Accountants*

TELEPHONE: (814) 371-1760

FAX: (814) 375-1003

Gregory L. Yutzey, CPA  
Larry A. Gabler, CPA  
Megan R. Troxell, CPA

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

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING

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, 2013, 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 Worksheet for FY 2012-2013

*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 + Troxell LLC*

Mauthe, Yutzey, Gabler & Troxell, LLC  
Certified Public Accountants  
March 19, 2014

CCIS RECAP WORKSHEET FOR FY 2012-2013

CONTRACTOR: NORTHERN DES. COMMUNITY ACTION CORPORATION  
 FEDERAL ID NUMBER: 28-1201856  
 CONTRACT NUMBER: 56-12-102825

COUNTY(IES): Cameron, Lincoln, Pecos  
 PREPARED BY: Catherine L. Straub  
 PHONE NUMBER: 800-538-4620

REVENUE	ADMINISTRATIVE	LOW INCOME SERVICE	FOSTER CARE SERVICE	LI & FT TOTAL
DPW Funds	111,207.00	1,502,278.00	1,502,278.00	\$3,115,763.00
Interest	1,100.00	1,100.00	1,100.00	\$2,300.00
Alloc Adjustments	1,100.00	1,100.00	1,100.00	\$3,300.00
Other (eg. Penalties)				\$0.00
Supplemental Payment				\$0.00
TOTAL REVENUE	113,407.00	1,504,478.00	1,504,478.00	\$3,122,363.00
Fiscal Report Totals	113,407.00	1,504,478.00	1,504,478.00	\$3,122,363.00
EXPENDITURES				
DPW Funds				\$0.00
Interest				\$0.00
Alloc Adjustments				\$0.00
Other (eg. Penalties)				\$0.00
Supplemental Payment				\$0.00
TOTAL EXPENDITURES				\$0.00
Fiscal Report Totals				\$0.00

SUMMARY FY 2012-13

REVENUE	3,122,363.00
EXPENDITURES	0.00
NET REVENUE	3,122,363.00
TOTAL DUE DPW	0.00

\* IF TOTAL DUE DPW IS POSITIVE, ISSUE CHECK TO DEPARTMENT OF PUBLIC HEALTH IN THE AMOUNT INDICATED. INCLUDE THE CHECK WITH THE RECAP PACKET - TO BE RECEIVED BY OCDEL NO LATER THAN 5:00 pm, Friday, August 30, 2013.

REVENUE	TAMF TRAINING	TAMF WORKING	TAMF STATE MOBE	FOOD STAMPS	GENERAL ASSISTANCE	TAMF TOTAL
DPW Funds	31,211.41	525,862.84	115,805.96	53,148.00	742.77	720,461.98
Interest	1,100.00	1,100.00	1,100.00	1,100.00	1,100.00	5,300.00
Alloc Adjustments						\$0.00
Other (eg. Penalties)						\$0.00
TOTAL REVENUE	32,311.41	526,962.84	116,905.96	54,248.00	1,542.77	726,761.98
EXPENDITURES						
TAMF TRAINING	11,727.84	17,484.07	11,587.43	1,148.31	742.04	43,689.69
TAMF WORKING	11,014.77	17,484.07	11,587.43	1,148.31	742.04	43,689.69
TAMF STATE MOBE						\$0.00
FOOD STAMPS						\$0.00
GENERAL ASSISTANCE						\$0.00
TOTAL EXPENDITURES	32,742.61	34,968.14	23,174.86	2,296.62	1,484.08	74,662.31
Fiscal Report Totals	32,311.41	526,962.84	116,905.96	54,248.00	1,542.77	726,761.98
TAMF TRAINING	11,727.84	17,484.07	11,587.43	1,148.31	742.04	43,689.69
TAMF WORKING	11,014.77	17,484.07	11,587.43	1,148.31	742.04	43,689.69
TAMF STATE MOBE						\$0.00
FOOD STAMPS						\$0.00
GENERAL ASSISTANCE						\$0.00
TOTAL EXPENDITURES	32,742.61	34,968.14	23,174.86	2,296.62	1,484.08	74,662.31

CERTIFICATION: SIGNATURE: *Kenneth P. Straub* DATE: 9/23/12  
 NAME: KENNETH P. STRAUB  
 TITLE: MICAS EXECUTIVE DIRECTOR

COMMENTS: S. THOMPSON RAN PROVIDER, MOREAM FUND A. NEGATIVE ADJUSTMENT CREATED TO CORRECT CARE LEVEL. UNABLE TO RECOUP AS SHE IS NO LONGER PROVIDING CARE  
 S. GUSTAFSON PARENT ELK CO. FUND C. OVERPAYMENT RECOUPMENT IN FULL

The accompanying notes are an integral part of the financial statements.

NORTHERN TIER COMMUNITY ACTION CORPORATION

CCIS - NOTES TO SCHEDULE

June 30, 2013

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 2012-2013, Total Due from DPW, to Schedule of Expenditures of Federal Awards, Accrued or Deferred Revenue at June 30, 2013

Reconciliation for the fiscal year ended June 30, 2013, follows.

Grant received subsequent to June 30, 2013	\$ 26,034.74
Less: State portion	<u>0.00</u>
Grants Receivable - Schedule of Expenditures of Federal Awards - June 30, 2013	<u>\$ 26,034.74</u>

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

Total Expenses - Statement of Functional Expenses	\$ 949,634.28
Less: Expenses funded by state monies	(397,245.83)
Interest income expended	<u>(31.61)</u>
Total Expenses - Schedule of Expenditures of Federal Awards	<u>\$ 552,356.84</u>

See Note 2, Notes to Schedule of Expenditures of Federal Awards, Page 30, for further detail of CCIS expenditures.



NORTHERN TIER COMMUNITY ACTION CORPORATION

SCHEDULE OF WEATHERIZATION PROGRAM EXPENSES

For The Year Ended June 30, 2013

	<u>Weatherization - LIHEAP</u>	<u>Weatherization - DOE</u>	<u>Total</u>
Salaries and wages	\$ 125,362.63	\$ 13,498.66	\$ 138,861.29
Health and welfare	42,726.01	6,000.02	48,726.03
Pension expense	3,830.46	300.61	4,131.07
Payroll taxes	21,695.00	3,034.86	24,729.86
Consultant and professional fees	2,452.00	785.00	3,237.00
Subcontract	34,521.74	5,882.95	40,404.69
Supplies	6,397.29	280.51	6,677.80
Equipment and vehicles	5,488.44	677.97	6,166.41
Occupancy	9,372.30	1,900.84	11,273.14
Insurance	14,778.73	0.00	14,778.73
Training and technical assistance	0.00	1,250.00	1,250.00
Maintenance and vehicle operation	15,435.78	766.55	16,202.33
Travel	0.00	3,334.19	3,334.19
Postage	515.53	0.00	515.53
Telephone	2,125.18	126.02	2,251.20
Payroll processing	495.74	0.00	495.74
Materials installed	84,832.92	18,234.70	103,067.62
Repairs and maintenance	1,325.70	0.00	1,325.70
Advertising, printing and publication	2,373.33	100.00	2,473.33
Membership & subscriptions	1,200.00	50.00	1,250.00
Other operating expenses	2,243.77	139.53	2,383.30
Depreciation expense	0.00	16,490.54	16,490.54
Computer services	398.64	0.00	398.64
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Expenses	<u>\$ 377,571.19</u>	<u>\$ 72,852.95</u>	<u>\$ 450,424.14</u>

The accompanying notes are an integral part of the financial statements

NORTHERN TIER COMMUNITY ACTION CORPORATION

SCHEDULE OF EXPENSES - OTHER PROGRAMS

For The Year Ended June 30, 2013

	PROGRAM SERVICES					Total
	HSSAP	HAP	Energy Assistance	Pre-K Counts	Food Bank	
Salaries and wages	\$ 20,624.84	\$ 1,339.80	\$ 83,572.51	\$ 64,221.19	\$ 0.00	\$ 169,758.34
Health and welfare	17,638.85	116.13	27,344.95	19,325.41	0.00	64,425.34
Pension expense	325.77	31.90	2,540.34	2,396.02	0.00	5,294.03
Payroll taxes	3,019.74	131.17	14,511.21	8,439.26	0.00	26,101.38
Consultant and professional fees	614.65	4,348.13	47,564.65	1,881.00	0.00	54,408.43
Subcontract	0.00	0.00	34,792.63	0.00	0.00	34,792.63
Supplies	2,961.40	0.00	3,148.34	13,676.78	0.00	19,786.52
Equipment and vehicles	1,935.00	0.00	1,997.22	2,174.05	0.00	6,106.27
Occupancy	0.00	360.00	5,454.88	0.00	0.00	5,814.88
Insurance	454.66	0.00	4,463.45	825.32	0.00	5,743.43
Training & technical assistance	612.11	0.00	0.00	414.97	0.00	1,027.08
Maintenance and vehicle operation	0.00	0.00	2,438.00	0.00	0.00	2,438.00
Travel	1,775.00	0.00	613.13	0.00	0.00	2,388.13
Postage	795.00	0.00	3,257.84	540.00	0.00	4,592.84
Telephone	584.26	134.88	1,388.63	535.79	0.00	2,643.56
Payroll processing	41.23	0.00	218.91	166.17	0.00	426.31
Materials installed	0.00	0.00	69,892.58	0.00	0.00	69,892.58
Advertising, printing and promotion	717.65	16.24	1,438.08	803.08	0.00	2,975.05
Parent activities	426.18	0.00	0.00	198.23	0.00	624.41
Other operating expenses	13,203.18	0.11	5,947.15	709.50	0.00	19,859.94
Depreciation expense	0.00	0.00	1,053.14	0.00	0.00	1,053.14
Food and related expenses	1,301.29	0.00	0.00	756.55	5,595.41	7,653.25
Nonfood expenses	204.57	0.00	0.00	74.98	0.00	279.55
Computer services	438.62	0.00	1,145.52	761.70	0.00	2,345.84
<b>Total Expenses</b>	<b>\$ 67,674.00</b>	<b>\$ 6,478.36</b>	<b>\$ 312,783.16</b>	<b>\$ 117,900.00</b>	<b>\$ 5,595.41</b>	<b>\$ 510,430.93</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, 2013

	<u>Master</u>	<u>Holding II</u>	<u>Housing</u>	<u>Total</u>
Salaries and wages	\$ 2,500.00	\$ 81,624.83	\$ 7,936.50	\$ 92,061.33
Health and welfare	0.00	3,492.12	3,244.84	6,736.96
Pension expense	125.00	2,915.15	396.89	3,437.04
Payroll taxes	237.44	11,710.17	977.10	12,924.71
Consultant and professional fees	375.00	(456.10)	1,880.00	1,798.90
Supplies	929.89	2,661.21	78.00	3,669.10
Equipment and vehicles	0.00	1,967.18	0.00	1,967.18
Occupancy	(0.01)	756.00	2,040.00	2,795.99
Insurance	0.00	0.00	2,086.67	2,086.67
Travel	0.00	24.48	32.64	57.12
Postage	0.00	130.00	0.00	130.00
Telephone	915.76	0.00	320.24	1,236.00
Payroll processing	(145.40)	70.40	89.90	14.90
Direct aid to individuals	0.00	3,822.00	0.00	3,822.00
Repairs and maintenance	0.00	0.00	243.30	243.30
Advertising, printing and promotion	(2,199.31)	0.00	71.82	(2,127.49)
Dues and subscriptions	225.00	1,557.50	0.00	1,782.50
Other operating expenses	1,680.46	20,115.45	2,809.57	24,605.48
Depreciation	2,817.97	505.27	2,339.08	5,662.32
Interest expense	1,698.01	0.00	0.00	1,698.01
Food and related expenses	0.00	1,878.30	0.00	1,878.30
Computer services	(573.14)	(13,746.22)	415.86	(13,903.50)
 Total Expenses	 <u>\$ 8,586.67</u>	 <u>\$ 119,027.74</u>	 <u>\$ 24,962.41</u>	 <u>\$ 152,576.82</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, 2013

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, 2012	Receipts or Revenue Recognized	Disbursements/ Expenditures	Transfers	Cash/Accrued or (Deferred) Revenue at June 30, 2013
Department of Health and Human Services (DHHS)									
Direct Program									
Head Start	93-600	03CH2665/45	1,923,017.00	1,510,178.60	(3,902.32)	1,542,860.12	1,542,860.12	- 0 -	28,779.20
Head Start	93-600	03CH2665/46	1,823,198.00	311,413.11	- 0 -	324,864.32	324,864.32	- 0 -	13,481.21
PA Department of Community and Economic Development									
Community Services Block Grant	93-559	C000052921	5,000.00	- 0 -	- 0 -	1,220.62	1,220.62	- 0 -	1,220.62
Community Services Block Grant	93-559	C000052476	468,247.00	336,500.00	83,677.69	311,721.97	311,721.97	- 0 -	58,899.66
Low-Income Home Energy Assistance Program (LIHEAP)	93-568	C000050545	510,093.00	242,513.60	56,448.85	186,064.75	186,064.75	- 0 -	- 0 -
Low-Income Home Energy Assistance Program (LIHEAP)	93-568	C000053059	362,916.00	182,450.00	- 0 -	191,506.44	191,506.44	- 0 -	9,086.44
PA Department of Public Welfare									
Work Ready Program	93-558	4100057946	146,804.00	20,946.04	(213.70)	21,159.74	21,159.74	- 0 -	- 0 -
Child Care and Development Block Grant	93-575	DC11-129952	1,233,434.00	10,208.38	10,208.38	- 0 -	- 0 -	- 0 -	- 0 -
Social Services Block Grant	93-667	DC12-129952	73,391.97	73,391.97	- 0 -	73,391.97	73,391.97	- 0 -	- 0 -
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93-596	DC12-129952	131,106.21	131,106.21	- 0 -	131,106.21	131,106.21	- 0 -	- 0 -
Temporary Assistance for Needy Families (TANF)	93-558	DC12-129952	21,980.52	21,980.52	- 0 -	21,980.52	21,980.52	- 0 -	- 0 -
Food Stamps Program	10-561	DC12-129952	3,077.72	3,077.72	- 0 -	3,077.72	3,077.72	- 0 -	- 0 -
Child Care and Development Block Grant	93-575	DC12-129952	322,800.42	296,765.67	- 0 -	322,800.42	322,800.42	- 0 -	26,034.75
Northwest Institute of Research									
Local Education and Resource Network	93-575	N/A	N/A	3,846.00	- 0 -	3,846.00	3,846.00	- 0 -	- 0 -
Total Department of Health and Human Services				3,144,377.82	146,218.90	3,135,600.80	3,135,600.80	- 0 -	137,441.88
Department of Energy (DOE)									
PA Department of Community and Economic Development									
Weatherization Assistance for Low-Income Persons	81-042	C000050545	134,357.00	127,007.00	127,007.00	- 0 -	- 0 -	- 0 -	- 0 -
Weatherization Assistance for Low-Income Persons	81-042	C000053059	96,668.00	43,489.00	- 0 -	56,362.41	56,362.41	- 0 -	12,873.41
ARRA -Weatherization Assistance for Low-Income Persons	81-042	C000046245	3,480,100.00	31,730.30	31,730.30	- 0 -	- 0 -	- 0 -	- 0 -
Total Department of Energy				202,226.30	158,737.30	56,362.41	56,362.41	- 0 -	12,873.41

\* 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, 2012	Receipts or Revenue Recognized	Disbursements/ Expenditures	Transfers	Cash/Accrued or (Deferred) Revenue at June 30, 2013
<b>Department of Agriculture</b>									
PA Department of Agriculture/ Cameron, Elk and Potter Counties Agreement for Distribution of Donated Commodities	10.569	N/A	N/A	30,889.89	- 0 -	30,889.89	30,889.89	- 0 -	- 0 -
The Emergency Food Assistance Program (Administrative Cost)	10.568	N/A	N/A	4,471.48	2,512.90	2,486.52	2,486.52	- 0 -	527.94
PA Department of Education Child and Adult Care Food Program	10.558	300-12-500-00	N/A	127,295.19	- 0 -	127,295.19	127,295.19	- 0 -	- 0 -
County of Cameron Rural Business Enterprise Grants	10.769	N/A	N/A	8,929.58	1,409.07	8,167.71	8,167.71	- 0 -	647.20
Total Department of Agriculture Department of Housing and Urban Development				171,586.14	3,921.97	168,839.31	168,839.31	- 0 -	1,175.14
PA Housing Finance Agency Housing Counseling Assistance Program	14.169	N/A	N/A	- 0 -	- 0 -	- 0 -	150.00	150.00	150.00
County of Cameron Community Development Block Grant	14.218	N/A	N/A	27,259.84	2,818.13	26,545.11	26,545.11	- 0 -	2,103.40
Home Investment Partnerships Program	14.239	N/A	N/A	14,393.89	- 0 -	15,526.49	15,526.49	- 0 -	1,132.60
Total Department of Housing and Urban Development				41,653.73	2,818.13	42,221.60	42,221.60	- 0 -	3,386.00
<b>Federal Emergency Management Agency</b>									
United Way of America	97.024	30-7210-00	5,000.00	1,716.00	- 0 -	1,716.00	1,716.00	- 0 -	- 0 -
United Way of America	97.024	30-7240-00	5,000.00	2,809.00	- 0 -	2,809.00	2,809.00	- 0 -	- 0 -
Total Federal Emergency Management Agency				4,525.00	- 0 -	4,525.00	4,525.00	- 0 -	- 0 -
<b>Total</b>				<b>\$ 3,564,388.99</b>	<b>\$ 311,696.30</b>	<b>\$ 3,407,549.12</b>	<b>\$ 3,407,549.12</b>	<b>\$ - 0 -</b>	<b>\$ 154,876.43</b>

\* 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, 2013

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 principles. 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. DC12-129952

Funds received by the Corporation for the year ended June 30, 2013, 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	\$ 3,077.72	\$ 3,077.72	\$ 0.00
Temporary Assistance for Needy Families/93.558	21,980.52	21,980.52	0.00
Child Care Mandatory and Block Grant/93.575	296,765.67	322,800.42	26,034.75
Child Care Mandatory and Matching Funds of the Childcare and Development Fund/93.596	131,106.21	131,106.21	0.00
Social Services Block Grant/93.667	<u>73,391.97</u>	<u>73,391.97</u>	<u>0.00</u>
Total Federal	526,322.09	552,356.84	26,034.75
State Funds	<u>397,245.83</u>	<u>397,245.83</u>	<u>0.00</u>
Total Subsidized Child Day Care	<u>\$ 923,567.92</u>	<u>\$ 923,567.92</u>	<u>\$ 26,034.75</u>

Note 3 Fee-For-Services

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, 2012	\$	0.00	
Commodities received		30,889.89	
Commodities disbursed		<u>(30,889.89)</u>	
Ending Inventory - June 30, 2013	\$	<u>0.00</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 were 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, 2013:

Grants receivable	\$	244,679.04	
Less: Non-federal awards		<u>(69,011.63)</u>	
			175,667.41
Deferred Revenue		(103,204.01)	
Less: Non-federal awards		<u>82,413.03</u>	
			<u>(20,790.98)</u>
Total Cash/Accrued or (Deferred) Revenue at June 30, 2013, Schedule of Expenditures of Federal Awards			\$ <u>154,876.43</u>

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

Total Expenses per Statement of Activities	\$ 4,987,660.38
Less: Nonfederal program funds	(1,079,307.72)
Less: In-Kind expenses	(507,597.03)
Less: Depreciation expense – federal programs	<u>(28,679.31)</u>
	3,337,076.32
Add: Fixed asset purchases – federal programs	<u>35,472.80</u>
Total Expenses – Schedule of Expenditures of Federal Awards	<u>\$ 3,407,549.12</u>



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William L. Mauthe, CPA  
(Retired/Inactive)

## 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

Northern Tier Community  
Action Corporation  
Emporium, PA 15834

#### Members of the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Northern Tier Community Action Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, 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 March 19, 2014.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Northern Tier Community Action Corporation's internal control over financial reporting (internal control) 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 Northern Tier Community Action Corporation'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.

#### *MEMBER:*

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

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 Northern Tier Community Action Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

*Mauthe, Yutzey, Gabler & Troxell LLC*

Mauthe, Yutzey, Gabler & Troxell, LLC

Certified Public Accountants

March 19, 2014

# MAUTHE, YUTZEY, GABLER & TROXELL, LLC

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH

William L. Mauthe, CPA  
(Retired/Inactive)

MAJOR PROGRAM AND ON INTERNAL CONTROL OVER

COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Northern Tier Community  
Action Corporation  
Emporium, PA 15834

Members of the Board:

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

We have audited Northern Tier Community Action Corporation's 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 Northern Tier Community Action Corporation's major federal programs for the year ended June 30, 2013. 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.

## **Management's Responsibility**

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

## **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Northern Tier Community Action Corporation'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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Northern Tier Community Action Corporation's compliance.

*MEMBER:*

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

### Opinion on Each Major Federal Program

In our opinion, Northern Tier Community Action Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### Report on Internal Control Over Compliance

Management of Northern Tier Community Action Corporation 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 Northern Tier Community Action Corporation'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 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. 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Mauthe, Yutzey, Gabler & Troxell LLC*

Mauthe, Yutzey, Gabler & Troxell, LLC  
Certified Public Accountants  
March 19, 2014

NORTHERN TIER COMMUNITY ACTION CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

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: unmodified

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</u> <u>Number(s)</u>	<u>Name of Federal Program or Cluster</u>	
93.575	Child Care and Development Block Grant	326,646.42
93.596	Child Care Mandatory and Matching Funds of the Childcare and Development Fund	131,106.21
93.667	Social Services Block Grant	73,391.97
93.600	Head Start	1,867,724.44
93.568	Low-Income Home Energy Assistance Program (LIHEAP)	<u>377,571.19</u>
	Total Tested	<u>2,776,440.23</u>
	Percentage Tested	<u>81%</u>

NORTHERN TIER COMMUNITY ACTION CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2013  
(Continued)

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Section I - Summary of Auditor's Results

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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    XNo

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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

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## NORTHERN TIER COMMUNITY ACTION CORPORATION

### REPORT ON PRIOR YEAR'S AUDIT FINDINGS

For The Year Ended June 30, 2013

Northern Tier Community  
Action Corporation  
Emporium, PA 15834

#### Members of the Board:

We have completed our audit of the financial statements of Northern Tier Community Action Corporation for the year ended June 30, 2013. As reported in our opinion dated March 19, 2014, we performed our audit in accordance with auditing standards generally accepted in the United States of America, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As part of our audit, we are to reviews the schedule of findings and questioned costs as disclosed in the prior yea's auditor's report to determine the disposition of each finding. The prior year's auditor's report disclosed no material findings.

*Mauthe, Yutzey, Gabler & Troxell LLC*

Mauthe, Yutzey, Gabler & Troxell, LLC

Certified Public Accountants

March 19, 2014

#### MEMBER:

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