

Audited  
Consolidated  
Financial  
Statements

June 30, 2023

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**Community Action  
Commission D/B/A  
Tri County Community  
Action and Subsidiary**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Community Action Commission  
d/b/a Tri County Community Action and Subsidiary  
Harrisburg, Pennsylvania

### ***REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS***

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Community Action Commission (a nonprofit organization) d/b/a Tri County Community Action and Subsidiary, which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Community Action Commission d/b/a Tri County Community Action and Subsidiary as of June 30, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Community Action Commission d/b/a Tri County Community Action and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Action Commission d/b/a Tri County Community Action and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forger, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Community Action Commission d/b/a Tri County Community Action and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Action Commission d/b/a Tri County Community Action and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Report on Consolidating Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 20 through 21 are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and is not a required part of the consolidated 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 consolidated financial statements. The consolidating information for 2023 has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements for 2023 as a whole.

### ***Effect of Adoption of New Accounting Standard***

As discussed in Note 1 to the consolidated financial statements, Community Action Commission adopted the provisions of Accounting Standards Update ASU 2016-02, Leases (Topic 842) for the year ended June 30, 2023. Our opinion is not modified with respect to this matter.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

### ***OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS***

In accordance with Government Auditing Standards, we have also issued our report dated October 5, 2023, on our consideration of Community Action Commission d/b/a Tri County Community Action and Subsidiary'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 solely 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 effectiveness of Community Action Commission d/b/a Tri County Community Action and Subsidiary's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Community Action Commission d/b/a Tri County Community Action and Subsidiary's internal control over financial reporting and compliance.

*Smith Elliott Kearn & Company, LLC.*

Camp Hill, Pennsylvania  
October 5, 2023

**COMMUNITY ACTION COMMISSION  
D/B/A TRI COUNTY COMMUNITY ACTION  
Consolidated Statements of Financial Position  
June 30, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 738,115	\$ 520,325
Certificates of deposit	349,510	-
Accounts receivable	632,006	1,152,490
Prepaid expenses	35,195	67,701
	<u>1,754,826</u>	<u>1,740,516</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	181,864	279,602
<b>OPERATING RIGHT-OF-USE ASSETS</b>	286,707	-
<b>OTHER ASSETS</b>		
Unemployment reserves - cash and cash equivalents	39,669	34,431
	<u>39,669</u>	<u>34,431</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,263,066</u>	<u>\$ 2,054,549</u>
<b>CURRENT LIABILITIES</b>		
Current maturities of notes payable	\$ -	\$ 26,316
Current maturities of lease liability - operating	69,230	-
Accounts payable	42,235	114,290
Accrued payroll	64,020	51,905
Accrued vacation	20,981	30,776
Payroll taxes withheld and accrued	6,414	6,325
Accrued expenses	47,464	43,825
Deferred revenue	114,827	190,751
	<u>365,171</u>	<u>464,188</u>
<b>OTHER LIABILITIES</b>		
Long-term Lease liability - operating - net of current portion	222,067	-
Notes payable	-	419,530
	<u>-</u>	<u>419,530</u>
<b>Total Liabilities</b>	<u>587,238</u>	<u>883,718</u>
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	1,530,771	1,135,327
With donor restrictions	145,057	35,504
	<u>145,057</u>	<u>35,504</u>
<b>Total Net Assets</b>	<u>1,675,828</u>	<u>1,170,831</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 2,263,066</u>	<u>\$ 2,054,549</u>

**COMMUNITY ACTION COMMISSION  
D/B/A TRI COUNTY COMMUNITY ACTION  
Consolidated Statement of Activities  
Year Ended June 30, 2023**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Totals</b>
<b>SUPPORT AND REVENUE</b>			
Grants and contracts	\$ 2,947,807	\$ -	\$ 2,947,807
Utility assistance revenue	297,971	-	297,971
Rental income	68,391	-	68,391
Contributions	46,961	141,916	188,877
Interest income	8,795	-	8,795
Miscellaneous income	16,626	-	16,626
Released from restriction	32,363	(32,363)	-
	<u>3,418,914</u>	<u>109,553</u>	<u>3,528,467</u>
<b>EXPENSES</b>			
Program services	2,791,818	-	2,791,818
Supporting services			
Management and general	573,903	-	573,903
Fundraising	18,270	-	18,270
	<u>3,383,991</u>	<u>-</u>	<u>3,383,991</u>
	<u>34,923</u>	<u>109,553</u>	<u>144,476</u>
<b>NON-OPERATING INCOME</b>			
Gain on sale of property	360,521	-	360,521
<b>CHANGE IN NET ASSETS</b>			
	395,444	109,553	504,997
Net assets - Beginning	<u>1,135,327</u>	<u>35,504</u>	<u>1,170,831</u>
Net assets - Ending	<u>\$ 1,530,771</u>	<u>\$ 145,057</u>	<u>\$ 1,675,828</u>

**COMMUNITY ACTION COMMISSION  
D/B/A TRI COUNTY COMMUNITY ACTION  
Consolidated Statement of Activities  
Year Ended June 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Totals
<b>SUPPORT AND REVENUE</b>			
Grants and contracts	\$ 3,102,702	\$ -	\$ 3,102,702
Utility assistance revenue	262,243	-	262,243
Rental income	95,166	-	95,166
Contributions	127,512	11,960	139,472
Interest income	169	-	169
Miscellaneous income	3,170	-	3,170
Released from restriction	69,454	(69,454)	-
Total Support and Revenue	<u>3,660,416</u>	<u>(57,494)</u>	<u>3,602,922</u>
<b>EXPENSES</b>			
Program services	2,907,275	-	2,907,275
Supporting services			
Management and general	625,754	-	625,754
Fundraising	12,503	-	12,503
Total Expenses	<u>3,545,532</u>	<u>-</u>	<u>3,545,532</u>
<b>OPERATING INCOME (LOSS) AND CHANGE IN NET ASSETS</b>	114,884	(57,494)	57,390
Net assets - Beginning	<u>1,020,443</u>	<u>92,998</u>	<u>1,113,441</u>
Net assets - Ending	<u>\$ 1,135,327</u>	<u>\$ 35,504</u>	<u>\$ 1,170,831</u>



**COMMUNITY ACTION COMMISSION  
D/B/A TRI COUNTY COMMUNITY ACTION  
Consolidated Statement of Functional Expenses  
Year Ended June 30, 2023**

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	<u>Supporting Services</u>			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 1,353,756	\$ 363,953	\$ 10,285	\$ 1,727,994
Payroll taxes and fringe benefits	494,460	106,240	809	601,509
Contracted services	6,120	1,299	1	7,420
Depreciation	13,043	12,379	-	25,422
Professional fees	48,056	31,884	51	79,991
Supplies, printing, and postage	172,677	19,446	25	192,148
Program supplies	285,715	-	-	285,715
Insurance	39,007	4,006	50	43,063
Interest expense	17,351	-	-	17,351
Occupancy	207,926	8,366	20	216,312
Travel, lodging, and meetings	28,145	277	121	28,543
Telephone	29,996	2,398	30	32,424
Special events	500	-	4,125	4,625
Subscriptions and dues	41,764	2,545	2,746	47,055
Staff training	47,327	16,311	6	63,644
Miscellaneous	5,367	4,715	-	10,082
Equipment lease expense	608	84	1	693
<b>TOTAL EXPENSES</b>	<b><u>\$ 2,791,818</u></b>	<b><u>\$ 573,903</u></b>	<b><u>\$ 18,270</u></b>	<b><u>\$ 3,383,991</u></b>

**COMMUNITY ACTION COMMISSION  
D/B/A TRI COUNTY COMMUNITY ACTION  
Consolidated Statement of Functional Expenses  
Year Ended June 30, 2022**

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries and wages	\$ 1,420,003	\$ 371,080	\$ 5,867	\$ 1,796,950
Payroll taxes and fringe benefits	422,475	104,231	486	527,192
Contracted services	11,223	-	3	11,226
Depreciation	7,878	17,027	-	24,905
Professional fees	147,010	31,875	64	178,949
Supplies, printing, and postage	139,649	15,338	1,090	156,077
Program supplies	226,211	-	-	226,211
Equipment purchase	110,070	13,464	-	123,534
Insurance	39,038	4,210	68	43,316
Interest expense	14,445	-	-	14,445
Occupancy	189,160	16,069	158	205,387
Travel, lodging, and meetings	16,830	236	67	17,133
Telephone	28,025	2,466	39	30,530
Special events	103	-	1,933	2,036
Subscriptions and dues	40,066	2,341	2,688	45,095
Staff training	93,218	29,331	4	122,553
Miscellaneous	109	7,332	32	7,473
Equipment leases	1,762	267	4	2,033
Bad debt expense	-	10,487	-	10,487
<b>TOTAL EXPENSES</b>	<b>\$ 2,907,275</b>	<b>\$ 625,754</b>	<b>\$ 12,503</b>	<b>\$ 3,545,532</b>

**COMMUNITY ACTION COMMISSION  
D/B/A TRI COUNTY COMMUNITY ACTION  
Consolidated Statements of Cash Flows  
Years Ended June 30, 2023 and 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 504,997	\$ 57,390
Adjustments to reconcile change in net assets to net cash and cash equivalents provided (used) by operating activities		
Depreciation and lease amortization	30,012	24,905
Bad debt expense	-	10,487
Gain on sale of property	(360,521)	-
(Increase) decrease in assets		
Accounts receivable	520,484	(553,020)
Prepaid expenses	32,506	(23,268)
Increase (decrease) in liabilities		
Accounts payable	(72,055)	(43,389)
Accrued payroll	12,115	14,608
Accrued vacation	(9,795)	4,888
Payroll taxes withheld and accrued	89	3,472
Accrued expenses	3,639	1,919
Deferred revenue	(75,924)	75,670
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	<u>585,547</u>	<u>(426,338)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(17,163)	(69,995)
Proceeds from sale of property	<u>450,000</u>	<u>-</u>
Net Cash and Cash Equivalents Provided (Used) by Investing Activities	<u>432,837</u>	<u>(69,995)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on notes payable	<u>(445,846)</u>	<u>(25,425)</u>
Net Cash and Cash Equivalents Used by Financing Activities	<u>(445,846)</u>	<u>(25,425)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	572,538	(521,758)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>554,756</u>	<u>1,076,514</u>
End of year	<u>\$ 1,127,294</u>	<u>\$ 554,756</u>
Cash and cash equivalents	\$ 738,115	\$ 520,325
Certificates of deposit	349,510	-
Unemployment reserves - cash and cash equivalents	<u>39,669</u>	<u>34,431</u>
	<u>\$ 1,127,294</u>	<u>\$ 554,756</u>
<b>SUPPLEMENTARY DISCLOSURE OF CASH FLOWS INFORMATION</b>		
Cash paid for interest	<u>\$ 17,351</u>	<u>\$ 14,445</u>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Recognition of right-of-use asset and lease liability - operating leases upon adoption of Accounting Standards Codification Topic 842, <i>Leases</i> (Note 6)	\$ 18,104	
Recognition of right-of-use asset and lease liability - operating leases during the year ended June 30, 2023	\$ 323,077	

**COMMUNITY ACTION COMMISSION  
D/B/A TRI COUNTY COMMUNITY ACTION  
Notes to the Consolidated Financial Statements**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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***Nature of Operations***

Community Action Commission's (a Pennsylvania not-for-profit corporation) (Commission) mission is to build on the strengths and resources available, provide solutions for complex issues, and empower individuals, families, and communities to move out of poverty.

The Commission provides:

- Neighborhood revitalization, including economic development
- Intensive, long-term family support
- Parent and child skill development programs
- Parent education and life skills training
- Comprehensive long-term self-sufficiency case management
- Credit repair and budget counseling

An employable workforce is an essential ingredient for community well-being. The Commission is committed to providing employment training to individuals in the community, as well as mobilizing monetary and social resources to capture opportunities for economic and commercial development, increase the quality and quantity of community services, enhance parking and transit services, and improve community safety and cleanliness.

Effective March 1, 1992, the Commission established Keystone Community Development Corporation, Inc. (a Pennsylvania not-for-profit corporation) (Corporation), a subsidiary through common management and control through the Commission's Executive Committee and its Executive Director comprising the Corporation's Board of Directors. The Corporation holds title to property for the benefit of the Commission Action Commission and to support its mission to build on the strengths and resources available, provide solutions for complex issues and empower individuals, families, and communities to move out of poverty.

The primary sources of revenue for the Commission are from social service grants and contracts, program fees, and contributions. The primary source of revenue for the Corporation is rental income received from its properties, net of related expenses associated therein.

Collectively, for the purposes of these consolidated financial statements, the Commission and the Corporation are referred to as the "Organization."

***Basis of Consolidation***

The accompanying consolidated financial statements include the accounts of the Community Action Commission and its subsidiary, Keystone Community Development Corporation, Inc. All significant intercompany accounts and transactions are eliminated.

**COMMUNITY ACTION COMMISSION  
D/B/A TRI COUNTY COMMUNITY ACTION  
Notes to the Consolidated Financial Statements**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Basis of Accounting***

The consolidated financial statements of the Commission have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

***Use of Estimates***

The preparation of consolidated 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 those estimates.

***Cash and Cash Equivalents***

For purposes of the Consolidated Statements of Financial Position and Consolidated Statements of Cash Flows, cash and cash equivalents include all highly liquid investments with an initial maturity date of three months or less and certificates of deposit which are easily convertible to cash.

***Accounts Receivable***

Accounts receivable are stated at outstanding balances. The Commission considers accounts receivable to be fully collectible. If collection becomes doubtful, an allowance for doubtful accounts will be established or the accounts will be charged to income when that determination is made by management. Unpaid balances remaining after the stated payment terms are considered past due. Recoveries of previously charged off accounts are recorded when received.

***Property and Equipment***

It is the policy of the Commission to record purchased fixed assets at cost and donated assets at fair value on the date of donation. Depreciation is provided on the straight-line method over the estimated useful lives of the assets.

New acquisitions of fixed assets having a low acquisition cost, or which are not expected to last for more than a year, are expensed in the year of acquisition. Repairs and maintenance charges are capitalized and depreciated when they materially extend the useful life of the related asset.

The Organization's policy is to capitalize purchases of \$ 5,000 or more.

The useful lives for purposes of computing depreciation are as follows:

Land improvements	15 years
Building	15 years
Building improvements	10-15 years
Equipment	3-7 years
Vehicle	4 years

**COMMUNITY ACTION COMMISSION  
D/B/A TRI COUNTY COMMUNITY ACTION  
Notes to the Consolidated Financial Statements**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Net Assets***

The Commission is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. A description of the two net asset categories follows:

**Without Donor Restrictions:** Net assets that are not subject to donor-imposed restrictions. Without Donor Restriction net assets may be designated for specific purposes by action of the Board of Directors.

**With Donor Restrictions:** Net assets whose use by the Commission is subject to donor-imposed restrictions that can be fulfilled by actions of the Commission pursuant to those restrictions or that expire by the passage of time and net assets subject to donor-imposed restrictions that are to be maintained permanently by the Commission.

***Contributions***

Contributions received are recorded as with or without donor restrictions support, depending on the existence or nature of any donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

***Deferred Support and Revenue***

This includes unexpended balances of grants and advanced program and rental revenues for use in future periods.

***Functional Expense Classification***

The cost of providing the various programs and other activities is summarized on a functional basis in the Consolidated Statements of Activities and Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Supporting services consist of management and general expenses and fundraising expenses.

Expenses are classified by function through estimates by management based upon time, prior experience and current year services.

***Tax-Exempt Status***

The Commission is exempt from Federal Income Tax as provided by Code Section 501(c)(3) of the Internal Revenue Code. Donors are entitled to deductions for Federal Income Tax purposes for contributions made to the Commission in accordance with the Internal Revenue Code. Accordingly, no income tax is incurred unless the Commission earns income considered to be unrelated business income. The Commission conducted no activities which were subject to income taxes.

**COMMUNITY ACTION COMMISSION  
D/B/A TRI COUNTY COMMUNITY ACTION  
Notes to the Consolidated Financial Statements**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Tax-Exempt Status (continued)***

The Commission is a not-for-profit entity described in Section 501(c)(2) of the Internal Revenue Code and is exempt from income taxes on related activities pursuant to Section 509(a) of the Internal Revenue Code. The Commission conducted no activities which were subject to income taxes.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Commission, including whether the entity is exempt from income taxes. Any interest and penalties are charged to expense as incurred. Management evaluated the tax positions taken and concludes that the Commission had taken no uncertain tax positions that require recognition or disclosure in the consolidated financial statements. Therefore, no provision or liability for income taxes has been included in the consolidated financial statements. Tax returns are generally subject to examination for a period of three years after they are filed.

***Adoption of New Accounting Principle***

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) Topic 842, Leases, to increase transparency and comparability among organizations related to their leasing arrangements. Topic 842 requires additional disclosure of key quantitative and qualitative information for leasing arrangements. The Commission adopted Topic 842 on July 1, 2022, using the modified-retrospective transition approach. The adoption of Topic 842 did not have any impact on the financial statements of the Commission.

**NOTE 2 REVENUE RECOGNITION**

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The sources of revenue for Community Action Commission are program service revenue (utility assistance), contribution revenue, grant revenue, rental income and interest income. Revenue is recognized as earned based on contractual terms, as transactions occur, or as services are provided. All revenues determined to be in the scope of ASC 606 are presented within the consolidated statements of activities and are recognized as performance obligations to clients are met.

Contributions, grants, rental income (Note 6) and interest income are recognized on the accrual basis, but these revenues are outside the scope of ASC 606.

Following is further detail of the various types of revenue Community Action Commission earns and when it is recognized under ASC 606:

**Utility Assistance Revenue:** The organization receives revenue from utility companies for assisting clients in applying for financial assistance related to their utility bills. The performance obligation occurs when clients are provided assistance in applying for financial assistance from Pennsylvania Power & Light. Once the assistance is provided, revenues are recognized in income at this time. The receivable balance for this revenue was \$ 51,604 and \$ 36,067 at June 30, 2023, and 2022, respectively. The receivable balance at July 1, 2021 was \$ 80,301.

**COMMUNITY ACTION COMMISSION  
D/B/A TRI COUNTY COMMUNITY ACTION  
Notes to the Consolidated Financial Statements**

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**NOTE 3 PROPERTY AND EQUIPMENT**

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Property and equipment consist of the following as of June 30:

	<b>2023</b>	<b>2022</b>
Land		
1526 Derry Street	\$ 19,804	\$ 19,803
220 South 13th Street	3,651	3,651
234 South 13th Street	13,825	13,825
238 South 13th Street	62,955	62,955
Land Improvements		
1327 Thompson Street	12,850	12,850
Building		
1301 Derry Street	-	1,147,226
1514 Derry Street	201,366	201,366
Building Improvements	214,847	423,669
Equipment	292,310	286,679
Vehicle	33,740	33,740
	<u>855,348</u>	<u>2,205,764</u>
Less: Accumulated Depreciation	<u>(673,484)</u>	<u>(1,926,162)</u>
	<u>\$ 181,864</u>	<u>\$ 279,602</u>

**NOTE 4 UNEMPLOYMENT COMPENSATION RESERVE**

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Effective January 1994, the Commission elected to reimburse the Pennsylvania Unemployment Compensation Fund for actual unemployment compensation claims paid (self-insured). When employees receive unemployment compensation benefits, the Pennsylvania Unemployment Compensation Fund is reimbursed for the amount of payment and the Commission's unemployment compensation reserve is reduced accordingly. The reserve is funded by the Commission based management's past experience and projections. Expenses on this account are charged based on the allocation of salaries and wages.

Effective January 2001, the Commission obtained a stop loss insurance policy for unemployment compensation claims. Under the policy, the Commission will be liable for the first \$ 40,000 of claims. Beyond the \$ 40,000 and up to \$ 160,000, the policy will cover claims incurred by the Commission's employees. The Commission is responsible for annual claims in excess of \$ 160,000.

The balance of the Commission's unemployment reserve at June 30, 2023 and 2022 amounted to \$ 39,669 and \$ 34,431, respectively.



**COMMUNITY ACTION COMMISSION**  
**D/B/A TRI COUNTY COMMUNITY ACTION**  
**Notes to the Consolidated Financial Statements**

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**NOTE 5 LINES OF CREDIT**

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The Commission has a \$ 100,000 authorized line of credit with PNC Bank. This uncollateralized line of credit bears interest at the bank's prime rate plus 1.25%. There were no amounts outstanding on this line of credit at June 30, 2023 and 2022.

The Commission also has a \$ 50,000 authorized line of credit with M&T Bank. This uncollateralized line of credit bears interest at 3.50 percentage points above the prime rate announced by the bank. All outstanding principal and interest are due on demand. There were no amounts outstanding on this line of credit at June 30, 2023 and 2022.

**NOTE 6 LEASES – OPERATING RIGHT-OF-USE ASSETS AND RENTAL INCOME**

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On July 1, 2022, the Commission adopted ASU No. 2016-02, Leases (Topic 842) and all subsequent ASUs that modified Topic 842. The Organization elected the prospective application approach provided by ASU 2018-11 and did not adjust prior periods for ASC 842. Financial results and disclosures for reporting periods beginning on or after July 1, 2022 are presented under the Topic 842 requirements, while prior period amounts and disclosures are not adjusted and continue to be reported in accordance with previous guidance. The Commission also elected certain practical expedients within the standard and consistent with such elections did not reassess whether any expired or existing contracts are or contain leases, did not reassess the lease classification for any expired or existing leases, and did not reassess any initial direct costs for existing leases. The implementation of the new standard resulted in recognition of a right-of-use asset of \$ 286,707 and lease liability of \$ 291,297 at the date of adoption, which is related to the Organization's lease of space used in operations. Since the calculated right of use asset and lease liability were materially the same, a cumulative effect adjustment to net assets as of the implementation date was not recorded.

Lease liabilities represent the Commission's obligation to make lease payments and are presented at each reporting date as the net present value of the remaining contractual cash flows. Cash flows are discounted based on the risk-free rate, as permitted under ASU 2021-09. The collateralized borrowing rate in effect at the commencement date of each lease and ranged from 2.84% to 3.39%. Right-of-use assets represent the Commission's right to use the underlying asset for the lease term and are calculated as the sum of the lease liability and if applicable, prepaid rent, initial direct costs, and any incentives received from the lessor.

The Commission has three leases for office spaces that are considered operating leases. The lease agreements do not provide for residual value guarantees and have no restrictions or covenants that would require incurring additional financial obligations. There are no variable lease costs for the year ended June 30, 2023.

Lease expense at June 30 is as follows:

<b>Lease expense</b>	<b>2023</b>
Operating lease expense	\$ 68,891
Short-term lease expense	32,953
<b>Total</b>	<b>\$ 101,844</b>

**COMMUNITY ACTION COMMISSION  
D/B/A TRI COUNTY COMMUNITY ACTION  
Notes to the Consolidated Financial Statements**

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**NOTE 6 LEASES (CONTINUED)**

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Information related to cash flows, assets obtained, weighted-average remaining lease terms, and weighted-average discount rates are as follows at June 30:

Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$	58,800
ROU assets obtained in exchange for new operating lease liabilities	\$	341,181
Weighted-average remaining lease term in years for operating leases		4.07
Weighted-average discount rate for operating leases		3.37%

Future payments due under lease obligations are as follows at June 30, 2023:

<u>Year end</u>		<u>Operating</u>
	2024	\$ 77,800
	2025	71,500
	2026	73,800
	2027	76,014
	2028	12,731
	Thereafter	-
	Total undiscounted cash flows	311,845
	Less: present value discount	(20,548)
	Total lease liabilities	<u>\$ 291,297</u>

The Commission leased a building to unrelated third parties under short-term and long-term lease arrangements. During the year ended June 30, 2023, the property at 1301 Derry Street, Harrisburg, was sold for \$ 450,000. The gain on the sale of this property was \$ 360,521. The cost of the properties rented was \$ 1,325,781 at June 30, 2022. Accumulated depreciation on these properties was \$ 1,228,544 at June 30, 2022. For the years ended June 30, 2023 and 2022, rental income amounted to \$ 68,391 and \$ 95,166, respectively.

***Lease disclosures prior to the adoption of ASU 842 - Leases.***

The Commission leases office equipment under maintenance contracts with varying terms of no more than one year. Total equipment lease expense and maintenance expense amounted to \$ 2,033 for the year ended June 30, 2022.

The Commission rents office space at various locations under lease terms of one year or less. Total rent expense related to the leases of office space, including the value of contributed rent received, amounted to \$ 45,930 for the year ended June 30, 2022.

**COMMUNITY ACTION COMMISSION  
D/B/A TRI COUNTY COMMUNITY ACTION  
Notes to the Consolidated Financial Statements**

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**NOTE 7 NET ASSETS**

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	<b>2023</b>	<b>2022</b>
<b><i>Net assets with donor restrictions</i></b>		
Subject to expenditure for specified purpose		
Self-sufficiency case management	\$ -	\$ 25,000
Pregnant mothers and young children	132,416	-
Clean and Green initiative	12,641	10,504
	<u>\$ 145,057</u>	<u>\$ 35,504</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

	<b>2023</b>	<b>2022</b>
<b><i>Purpose restriction accomplished</i></b>		
Family development	\$ -	\$ 2,284
Case management	25,000	-
Neighborhood revitalization activities	7,363	67,170
	<u>\$ 32,363</u>	<u>\$ 69,454</u>

**NOTE 8 IN-KIND CONTRIBUTIONS**

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A substantial number of individual volunteers and business have donated significant amounts of time to the Commission's programs and administrative functions. These services do not meet the criteria for recognition as contributed services and are not reflected in the accompanying consolidated financial statements.

**NOTE 9 RETIREMENT PLAN**

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The Commission sponsors a tax-deferred annuity plan through a simplified employee retirement plan. The plan is available to all employees. Under the Plan, the Commission typically contributes 3% of the individual's compensation as an Employer Discretionary Contribution. The Commission makes an Employer Matching Contribution equal to 50% of an employee's salary deferral contribution that does not exceed 8% of employee's compensation.

The retirement plan expense for the year ended June 30, 2023 and 2022 was \$ 103,853 and \$ 89,876, respectively.

**COMMUNITY ACTION COMMISSION  
D/B/A TRI COUNTY COMMUNITY ACTION  
Notes to the Consolidated Financial Statements**

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**NOTE 10 RELATED ORGANIZATION**

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The Commission has entered into a partnership as a limited partner to assist in rehabilitating various properties:

***Upper Dauphin Projects:***

During the year ended June 30, 1997, the Commission entered into limited partnership agreements with Greenfield Estates Associates, Fairview Estates Associates, and Hillside Heights Associates (collectively referred to as the Upper Dauphin Projects) as one of their limited partners. The purpose of the Upper Dauphin Projects is to develop and operate multi-family apartment developments located in Dauphin County, Pennsylvania, for rental to individuals and families of low income. Under the partnership agreements, the Commission's share of each of the partnerships' profit and loss is .01%. As of June 30, 2023 and 2022, the Commission had made no significant capital contributions to the Upper Dauphin Projects.

**NOTE 11 CONCENTRATION OF CREDIT RISK**

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Financial instruments that potentially subject the Commission to concentrations of credit risk consist principally of cash and cash equivalents held with financial institutions. Accounts at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$ 250,000. Management considers any amount in excess of the FDIC limit to be a normal business risk.

The Commission maintains a portion of its cash in a money market account which is not insured by the FDIC. The uninsured amount totaled \$ 472,458 and \$ 216,969 at June 30, 2023 and 2022, respectively.

**NOTE 12 LIQUIDITY AND AVAILABILITY**

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The Commission's financial assets available within one year of the consolidated statements of financial position date for general expenditures are as follows at June 30:

	<b>2023</b>	<b>2022</b>
Financial assets at year end		
Cash and cash equivalents	\$ 738,115	\$ 520,325
Certificates of deposit	349,510	-
Accounts receivable	632,006	1,152,490
Total financial assets	<u>1,719,631</u>	<u>1,672,815</u>
Less restricted and nonspendable amounts		
Cash held for future donor specified expenditures	<u>(145,057)</u>	<u>(35,504)</u>
	<u>\$ 1,574,574</u>	<u>\$ 1,637,311</u>

Cash in the amount of \$ 145,057 and \$ 35,504 at June 30, 2023 and 2022, respectively, has been excluded, for it has been restricted by donors for certain purposes described in Note 7.

The Commission receives contributions available for general and program expenditures which are ongoing and central to its yearly operations. The Commission maintains adequate liquid assets to fund near-term operating needs and maintaining reserves to provide reasonable assurance that long-term obligations will be met. As more fully described in Note 5, the Commission has two lines of credit totaling \$ 150,000, which it could draw upon in the event of unanticipated liquidity needs.

**COMMUNITY ACTION COMMISSION  
D/B/A TRI COUNTY COMMUNITY ACTION  
Notes to the Consolidated Financial Statements**

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**NOTE 13 SUBSEQUENT EVENTS**

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The Commission has evaluated events and transaction subsequent to June 30, 2023 through October 5, 2023, the date these financial statements were available to be issued. Based on the definitions and requirements of generally accepted accounting principles, the Commission has not identified any events that required recognition or disclosure in the financial statements.

**SUPPLEMENTARY INFORMATION**

**COMMUNITY ACTION COMMISSION  
D/B/A TRI COUNTY COMMUNITY ACTION  
Consolidating Schedule of Financial Position  
Year Ended June 30, 2023**

	Community Action Commission	Keystone Community Development Corporation, Inc.	Eliminations	Total
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 699,593	\$ 38,522	\$ -	\$ 738,115
Certificates of deposit	349,510	-	-	349,510
Accounts receivable	632,006	-	-	632,006
Accounts receivable - related organization	555,338	-	(555,338)	-
Prepaid expenses	32,936	2,259	-	35,195
Total Current Assets	<u>2,269,383</u>	<u>40,781</u>	<u>(555,338)</u>	<u>1,754,826</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	29,909	151,955	-	181,864
<b>OPERATING RIGHT-OF-USE ASSETS</b>	962,579	-	(675,872)	286,707
<b>OTHER ASSETS</b>				
Unemployment reserves - cash and cash equivalents	39,669	-	-	39,669
<b>TOTAL ASSETS</b>	<u>\$ 3,301,540</u>	<u>\$ 192,736</u>	<u>\$ (1,231,210)</u>	<u>\$ 2,263,066</u>
<b>CURRENT LIABILITIES</b>				
Current maturities of lease liability - operating	\$ 95,117	\$ -	\$ (25,887)	\$ 69,230
Accounts payable	30,742	11,493	-	42,235
Accounts payable - related organization	-	555,338	(555,338)	-
Accrued payroll	64,020	-	-	64,020
Accrued vacation	20,981	-	-	20,981
Payroll taxes withheld and accrued	6,414	-	-	6,414
Accrued expenses	47,464	-	-	47,464
Deferred revenue	114,827	-	-	114,827
Total Current Liabilities	<u>379,565</u>	<u>566,831</u>	<u>(581,225)</u>	<u>365,171</u>
<b>OTHER LIABILITIES</b>				
Long-term Lease liability - operating - net of current portion	872,052	-	(649,985)	222,067
Total Liabilities	<u>1,251,617</u>	<u>566,831</u>	<u>(1,231,210)</u>	<u>587,238</u>
<b>NET ASSETS</b>				
Without donor restriction				
Undesignated	1,904,866	(374,095)	-	1,530,771
With donor restrictions	145,057	-	-	145,057
Total Net Assets	<u>2,049,923</u>	<u>(374,095)</u>	<u>-</u>	<u>1,675,828</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 3,301,540</u>	<u>\$ 192,736</u>	<u>\$ (1,231,210)</u>	<u>\$ 2,263,066</u>

**COMMUNITY ACTION COMMISSION  
D/B/A TRI COUNTY COMMUNITY ACTION  
Consolidating Schedule of Activities  
Year Ended June 30, 2023**

	Community Action Commission			Keystone Community Development Corporation, Inc.	Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total			
<b>SUPPORT AND REVENUE</b>						
Grants and contracts	\$ 2,947,807	\$ -	\$ 2,947,807	\$ -	\$ -	\$ 2,947,807
Utility assistance revenue	297,971	-	297,971	-	-	297,971
Rental income	-	-	-	116,391	(48,000)	68,391
Contributions	46,961	141,916	188,877	-	-	188,877
Interest income	8,795	-	8,795	-	-	8,795
Miscellaneous income	16,626	-	16,626	-	-	16,626
Released from restriction	32,363	(32,363)	-	-	-	-
Total Support and Revenue	3,350,523	109,553	3,460,076	116,391	(48,000)	3,528,467
<b>EXPENSES</b>						
Program services	2,680,753	-	2,680,753	146,193	(35,128)	2,791,818
Supporting services						
Management and general	586,753	-	586,753	-	(12,850)	573,903
Fundraising	18,292	-	18,292	-	(22)	18,270
Total Expenses	3,285,798	-	3,285,798	146,193	(48,000)	3,383,991
Operating income (loss)	64,725	109,553	174,278	(29,802)	-	144,476
<b>NON-OPERATING INCOME</b>						
Gain on sale of property	-	-	-	360,521	-	360,521
<b>CHANGE IN NET ASSETS</b>	64,725	109,553	174,278	330,719	-	504,997
Net Assets, Beginning of Year	1,840,141	35,504	1,875,645	(704,814)	-	1,170,831
Net Assets, End of Year	\$ 1,904,866	\$ 145,057	\$ 2,049,923	\$ (374,095)	\$ -	\$ 1,675,828



**COMMUNITY ACTION COMMISSION  
D/B/A TRI COUNTY COMMUNITY ACTION  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023**

Federal Grantor/Pass-Through Grantor/Program Title	Source Code	Federal Assistance Listing	Agency or Pass-Through Number	Program Period	Total Received for the Year	Receivable (Payable) July 1, 2022	Revenues	Expenses	Receivable (Payable) June 30, 2023	Total Passed-Through to Subrecipients
<b>U.S. Department of Health and Human Services</b>										
<i>Passed through:</i>										
Pennsylvania Department of Community and Economic Development - Community Services Block Grant	I	93.569	C000066975	July 1, 2022 - June 30, 2023	\$ 1,316,518	\$ 257,764	\$ 1,335,190	\$ 1,335,190	\$ 276,436	\$ -
Pennsylvania Department of Community and Economic Development - Community Services Block Grant - COVID 19	I	93.569	C000066975	July 1, 2022 - June 30, 2023	788,124	592,150	195,974	195,974	-	-
Subtotal - Community Services Block Grant					2,104,642	849,914	1,531,164	1,531,164	276,436	-
<i>Passed through:</i>										
County of Dauphin										
Promoting Safe and Stable Families	I	93.556	-	July 1, 2022 - June 30, 2023	100,845	47,831	110,217	110,217	57,203	-
Pennsylvania Department of Human Services										
Promoting Safe and Stable Families	I	93.556	4100067016	July 1, 2022 - June 30, 2023	216,708	25,291	212,532	212,532	21,115	-
Subtotal - Promoting Safe and Stable Families					317,553	73,122	322,749	322,749	78,318	-
Subtotal - U.S. Department of Health and Human Services					2,422,195	923,036	1,853,913	1,853,913	354,754	-
<b>U.S. Department of Housing and Urban Development</b>										
<i>Passed through:</i>										
County of Dauphin - Family Self-Sufficiency Program	I	14.896	-	July 1, 2022 - December 31, 2022	50,000	25,000	25,000	25,000	-	-
Subtotal - U.S. Department of Housing and Urban Development					50,000	25,000	25,000	25,000	-	-
<b>Total</b>					\$ 2,472,195	\$ 948,036	\$ 1,878,913	\$ 1,878,913	\$ 354,754	\$ -

**COMMUNITY ACTION COMMISSION  
D/B/A TRI COUNTY COMMUNITY ACTION  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023**

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**NOTE 1 BASIS OF PRESENTATION**

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The schedule of expenditures of federal awards includes the federal grant activity of Community Action Commission and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Community Action Commission is currently using an internally developed method to allocate indirect costs and is not using the 10% de minimis indirect cost allocation.



## **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***

Board of Directors  
Community Action Commission  
d/b/a Tri County Community Action and Subsidiary  
Harrisburg, Pennsylvania

We have audited, 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, the consolidated financial statements of Community Action Commission (a nonprofit organization) (Commission), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 5, 2023.

### ***REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING***

In planning and performing our audit of the consolidated financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

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

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

## ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Commission's consolidated 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 consolidated financial statements. 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 Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Smith Elliott Hearn & Company, LLC.*

Camp Hill, Pennsylvania  
October 5, 2023



## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Community Action Commission  
d/b/a Tri County Community Action and Subsidiary  
Harrisburg, Pennsylvania

### ***REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM***

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

We have audited Community Action Commission's (Commission) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended June 30, 2023. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Commission 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, 2023.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Commission's compliance with compliance requirements referred to above.

## ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Commission's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **REPORT ON 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*Smith Elliott Kears & Company, LLC.*

Camp Hill, Pennsylvania  
October 5, 2023

**COMMUNITY ACTION COMMISSION  
D/B/A TRI COUNTY COMMUNITY ACTION  
Schedule of Findings and Questioned Costs  
June 30, 2023**

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**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified.  Yes  No
- Significant deficiencies identified?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major programs:

- Material weakness identified.  Yes  No
- Significant deficiencies identified?  Yes  None Reported

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

- Noncompliance material to federal awards  Yes  No
- Any audit findings disclosed that are required to be reported in accordance with 2CFR Section 200.516?  Yes  No

Identification of the major programs:

CFDA Number(s)	Name of Federal Program
93.569	Community Services Block Grant

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

Auditee qualified as low risk auditee?  Yes  No



## **Section II – Financial Statement Findings**

### **A. Significant Deficiencies or Material Weaknesses in Internal Control**

None Noted

### **B. Compliance Findings**

There were no compliance findings related to the financial statement audit required to be reported.

## **Section III – Federal Findings and Questioned Costs**

### **A. Significant Deficiencies or Material Weaknesses in Internal Control over Compliance**

None Noted

### **B. Compliance Findings**

There were no compliance findings related to the major federal awards as required to be reported in accordance with the Uniform Guidance by 2CFR Section 200.516.

**COMMUNITY ACTION COMMISSION  
D/B/A TRI COUNTY COMMUNITY ACTION  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2023**

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There were no compliance or internal control findings related to the financial statements or compliance or internal control findings related to the federal awards for the year ended June 30, 2022.