

Audited
Consolidated
Financial
Statements

June 30, 2020

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

CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 3
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities	5 - 6
Consolidated Statements of Functional Expenses	7 - 8
Consolidated Statements of Cash Flows	9
Notes to the Consolidated Financial Statements	10 - 21
CONSOLIDATING INFORMATION	
Consolidating Schedule of Financial Position	22
Consolidating Schedule of Activities	23
Consolidating Schedule of Program Expenses	24
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	25
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	26
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	27 - 28
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	29 - 30
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	31 - 32
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	33



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

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, 2020 and 2019, 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.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above 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, 2020 and 2019, 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.

Other Matters

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 22 through 24 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 2020 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 2020 as a whole.

Other 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 (CFR) 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 information 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, 2020, 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 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 the Community Action Commission d/b/a Tri County Community Action and Subsidiary's internal control over financial reporting and compliance.

Smith Elliott Kears & Company, LLC

Carlisle, Pennsylvania
October 5, 2020

COMMUNITY ACTION COMMISSION
D/B/A TRI COUNTY COMMUNITY ACTION
Consolidated Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,257,861	\$ 853,281
Accounts receivable	218,484	461,456
Accounts receivable - related organization	9,773	9,968
Prepaid expenses	<u>21,722</u>	<u>19,329</u>
Total Current Assets	<u>1,507,840</u>	<u>1,344,034</u>
PROPERTY AND EQUIPMENT, NET	272,246	364,744
OTHER ASSETS		
Unemployment reserves - cash and cash equivalents	<u>41,572</u>	<u>43,782</u>
TOTAL ASSETS	<u>\$ 1,821,658</u>	<u>\$ 1,752,560</u>
CURRENT LIABILITIES		
Current maturities of notes payable	\$ 193,716	\$ 23,426
Accounts payable	53,680	29,161
Accrued payroll	33,079	22,747
Accrued vacation	38,221	27,594
Payroll taxes withheld and accrued	3,450	4,592
Accrued expenses	41,528	39,540
Deferred revenue	<u>54,002</u>	<u>99,717</u>
Total Current Liabilities	<u>417,676</u>	<u>246,777</u>
OTHER LIABILITIES		
Notes payable	<u>302,940</u>	<u>493,924</u>
Total Liabilities	<u>720,616</u>	<u>740,701</u>
NET ASSETS		
Without donor restrictions		
Undesignated	868,562	786,078
Board designated	<u>150,000</u>	<u>150,000</u>
Total Without Donor Restrictions	1,018,562	936,078
With donor restrictions	<u>82,480</u>	<u>75,781</u>
Total Net Assets	<u>1,101,042</u>	<u>1,011,859</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,821,658</u>	<u>\$ 1,752,560</u>

COMMUNITY ACTION COMMISSION
D/B/A TRI COUNTY COMMUNITY ACTION
Consolidated Statement of Activities
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Totals
SUPPORT AND REVENUE			
Grants and contracts	\$ 1,959,179	\$ -	\$ 1,959,179
Paycheck Protection Program loan forgiveness	279,100	-	279,100
Rental income	111,274	-	111,274
Contributions	25,861	85,226	111,087
Interest income	4,879	-	4,879
Miscellaneous income	13,924	-	13,924
Gain on disposal of fixed assets	98,534	-	98,534
Released from restriction	78,527	(78,527)	-
	<u>2,571,278</u>	<u>6,699</u>	<u>2,577,977</u>
EXPENSES			
Program services	1,754,995	-	1,754,995
Supporting services			
Management and general	600,472	-	600,472
Fundraising	133,327	-	133,327
	<u>2,488,794</u>	<u>-</u>	<u>2,488,794</u>
	<u>82,484</u>	<u>6,699</u>	<u>89,183</u>
CHANGE IN NET ASSETS			
Net assets - Beginning	<u>936,078</u>	<u>75,781</u>	<u>1,011,859</u>
Net assets - Ending	<u>\$ 1,018,562</u>	<u>\$ 82,480</u>	<u>\$ 1,101,042</u>

COMMUNITY ACTION COMMISSION
D/B/A TRI COUNTY COMMUNITY ACTION
Consolidated Statement of Activities
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Totals
SUPPORT AND REVENUE			
Grants and contracts	\$ 2,130,636	\$ -	\$ 2,130,636
Rental income	128,679	-	128,679
Contributions	14,225	84,972	99,197
Interest income	5,812	-	5,812
Miscellaneous income	1,994	-	1,994
Gain on disposal of fixed assets	556	-	556
Released from restriction	66,691	(66,691)	-
	<u>2,348,593</u>	<u>18,281</u>	<u>2,366,874</u>
EXPENSES			
Program services	1,624,174	-	1,624,174
Supporting services			
Management and general	625,102	-	625,102
Fundraising	110,952	-	110,952
	<u>2,360,228</u>	<u>-</u>	<u>2,360,228</u>
CHANGE IN NET ASSETS	(11,635)	18,281	6,646
Net assets - Beginning	<u>947,713</u>	<u>57,500</u>	<u>1,005,213</u>
Net assets - Ending	<u>\$ 936,078</u>	<u>\$ 75,781</u>	<u>\$ 1,011,859</u>

COMMUNITY ACTION COMMISSION
D/B/A TRI COUNTY COMMUNITY ACTION
Consolidated Statement of Functional Expenses
Year Ended June 30, 2020

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries and wages	\$ 841,342	\$ 283,425	\$ 91,767	\$ 1,216,534
Payroll taxes and fringe benefits	319,905	100,658	27,236	447,799
Contracted services	14,147	5,838	5	19,990
Depreciation	83,440	21,911	-	105,351
Professional fees	100,022	84,005	12	184,039
Supplies, printing, and postage	11,413	23,127	266	34,806
Program supplies	178,357	-	728	179,085
Equipment purchase	5,399	43	-	5,442
Insurance	18,485	26,101	7	44,593
Interest expense	17,150	-	-	17,150
Occupancy	122,893	21,849	4,844	149,586
Travel, lodging, and meetings	12,373	1,919	1,314	15,606
Telephone	8,410	9,218	-	17,628
Special events	-	-	2,897	2,897
Subscriptions and dues	14,601	4,054	304	18,959
Staff training	6,830	8,936	1,554	17,320
Miscellaneous	228	4,072	2,393	6,693
Equipment leases	-	5,316	-	5,316
TOTAL EXPENSES	<u>\$ 1,754,995</u>	<u>\$ 600,472</u>	<u>\$ 133,327</u>	<u>\$ 2,488,794</u>

COMMUNITY ACTION COMMISSION
D/B/A TRI COUNTY COMMUNITY ACTION
Consolidated Statement of Functional Expenses
Year Ended June 30, 2019

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries and wages	\$ 849,512	\$ 291,793	\$ 76,966	\$ 1,218,271
Payroll taxes and fringe benefits	316,353	112,029	20,827	449,209
Contracted services	-	254	-	254
Depreciation	88,332	25,010	-	113,342
Professional fees	18,415	74,077	90	92,582
Supplies, printing, and postage	14,483	22,614	1,893	38,990
Program supplies	102,941	-	-	102,941
Equipment purchase	2,476	4,056	-	6,532
Insurance	12,067	26,350	-	38,417
Interest expense	17,797	-	-	17,797
Occupancy	145,181	28,172	5,232	178,585
Travel, lodging, and meetings	17,498	2,882	1,103	21,483
Telephone	12,448	9,348	-	21,796
Subscriptions and dues	16,624	4,985	3,258	24,867
Staff training	9,567	7,209	557	17,333
Miscellaneous	480	8,605	1,026	10,111
Equipment leases	-	7,718	-	7,718
TOTAL EXPENSES	<u>\$ 1,624,174</u>	<u>\$ 625,102</u>	<u>\$ 110,952</u>	<u>\$ 2,360,228</u>

**COMMUNITY ACTION COMMISSION
D/B/A TRI COUNTY COMMUNITY ACTION
Consolidated Statements of Cash Flows
Years Ended June 30, 2020 and 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 89,183	\$ 6,646
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities		
Depreciation	105,351	113,342
Gain on disposal of fixed assets	(98,534)	(556)
(Increase) decrease in assets		
Accounts receivable	242,972	(39,432)
Accounts receivable - related organization	195	(225)
Prepaid expenses	(2,393)	13,605
Increase (decrease) in liabilities		
Accounts payable	24,519	(14,083)
Accrued payroll	10,332	(524)
Accrued vacation	10,627	7,067
Payroll taxes withheld and accrued	(1,142)	52
Accrued expenses	1,988	6,963
Deferred revenue	(45,715)	71,220
Net Cash and Cash Equivalents Provided by Operating Activities	<u>337,383</u>	<u>164,075</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(21,818)	(32,712)
Proceeds from sale of fixed assets	<u>107,499</u>	<u>556</u>
Net Cash and Cash Equivalents Provided (Used) by Investing Activities	<u>85,681</u>	<u>(32,156)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	<u>(20,694)</u>	<u>(22,665)</u>
Net Cash and Cash Equivalents Used by Financing Activities	<u>(20,694)</u>	<u>(22,665)</u>
Net Increase in Cash and Cash Equivalents	402,370	109,254
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>897,063</u>	<u>787,809</u>
End of year	<u>\$ 1,299,433</u>	<u>\$ 897,063</u>
Cash and Cash Equivalents	\$ 1,257,861	\$ 853,281
Unemployment Reserves - Cash and Cash Equivalents	<u>41,572</u>	<u>43,782</u>
	<u>\$ 1,299,433</u>	<u>\$ 897,063</u>
SUPPLEMENTARY DISCLOSURE OF CASH FLOWS INFORMATION		
Cash paid for interest	<u>\$ 17,150</u>	<u>\$ 17,797</u>

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 in family centers
- Parent education and life skills training
- Comprehensive workforce development training
- Credit repair and budget counseling
- Pre-and post-home ownership counseling services

The Commission provides pre-home ownership and post-home ownership counseling to qualifying families.

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 stores and 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 and to support its mission to create and maximize the resources for individuals and families to achieve self-sufficiency.

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**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Grant Revenue and Contributions

Grant revenue that is deemed to be an exchange transaction is classified as revenue without donor restrictions or deferred revenue, as appropriate. Such grant revenue is not deemed to be a contribution, since the proceeds thereof are used to pursue objectives of the grantor. The grants are recognized as revenue when expended.

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 are 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 prior experience and current year services.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The Corporation 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 Corporation 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. 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.

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

NOTE 2 ACCOUNTS RECEIVABLE

Accounts receivable consist of the following as of June 30:

	2020	2019
Community Services Block Grant	\$ 68,618	\$ 231,497
County of Dauphin	17,091	39,364
Cumberland County Housing	770	1,668
Dauphin County - Family Center	47,831	44,005
Dauphin County DPW - Fatherhood	-	3,825
Governors Square	14,681	29,362
Pennsylvania Power & Light	63,803	59,579
Rental Properties	-	23,950
Sherman Valley, L.P.	492	4,271
Washington Square Preservation Associates, L.P.	-	5,866
Sunflower Fields	3,082	5,271
United Way	-	115
Fairview	200	100
Greenfield	333	1,000
Hillside	333	333
Impact Grant	-	10,550
Susquehanna School District	-	700
Harrisburg Area Learning Academy	1,250	-
	<u>\$ 218,484</u>	<u>\$ 461,456</u>

NOTE 3 PROPERTY AND EQUIPMENT

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

	2020	2019
Land		
1526 Derry Street	\$ 19,803	\$ 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	1,147,226
1514 Derry Street	201,366	201,366
1314 Derry Street	290,395	290,395
1304 Derry Street	286,334	286,334
Building Improvements	326,488	335,074
Equipment	273,591	255,141
Vehicle	33,740	33,740
	<u>2,672,224</u>	<u>2,662,360</u>
Less: Accumulated Depreciation	<u>(2,399,978)</u>	<u>(2,297,616)</u>
	<u>\$ 272,246</u>	<u>\$ 364,744</u>

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

NOTE 4 UNEMPLOYMENT COMPENSATION RESERVE

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, 2020 and 2019 amounted to \$ 41,572 and \$ 43,782, respectively.

NOTE 5 LINES OF CREDIT

The Commission has a \$ 100,000 authorized line of credit with M&T Bank. This line of credit bears interest of 6.75% and 8.75% at June 30, 2020 and 2019, respectively. The balance on the line of credit was \$ 0 at June 30, 2020 and 2019, respectively.

The Commission also 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%. The interest rate was 4.50% and 6.75% at June 30, 2020 and 2019, respectively. The balance of this line of credit was \$ 0 at June 30, 2020 and 2019, respectively, and is due on demand.

The Commission established a line of credit with M&T Bank in the amount of \$ 50,000. The 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, 2020 and 2019.

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

NOTE 6 NOTES PAYABLE

Notes payable for the Corporation consist of the following as of June 30:

- A. Commonwealth of Pennsylvania, Department of Community and Economic Development; \$ 500,000 note payable, dated October 31, 2005; bearing interest at a fixed rate of 3%; no payments of principal or interest due through November 30, 2008 when outstanding principal and interest will be amortized through maturity date; monthly principal and interest payments December 1, 2008 through April 1, 2011; interest only payments May 1, 2011 through October 2011; monthly principal and interest payments of \$ 4,482 through November 1, 2036; all outstanding principal and interest due November 1, 2036; collateralized by second lien on real property with a carrying value of \$ 49,734. The balance of this note payable was \$ 318,928 and \$ 331,826 at June 30, 2020 and 2019, respectively.
- B. PNC Bank; \$ 270,000 note payable, dated September 25, 2005 and amended October 23, 2010, amended agreement bears interest at a fixed rate of 5.25%; monthly principal and interest was payments of \$ 1,724 through September 23, 2015; all outstanding principal and interest was due January 21, 2016. The loan was amended on May 4, 2016 to extend the maturity date of the note until April 20, 2021 and change the interest rate to 4.00%. Payments per month will be \$ 1,267 with a balloon payment due April 20, 2021. This loan is collateralized by certain real property with a carrying value of \$ 49,734, receivables, rents, leases, and other business assets. The balance of this note payable was \$ 177,728 and \$ 185,524 at June 30, 2020 and 2019, respectively.

Aggregate maturities of notes payable, assuming no change in current terms, consist of the following for the next five years, and thereafter:

Year Ended June 30:	
2021	\$ 193,716
2022	16,475
2023	16,976
2024	17,492
2025	18,024
Thereafter	<u>233,973</u>
	<u>\$ 496,656</u>

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

NOTE 7 NET ASSETS

	2020	2019
<i>Net assets without donor restrictions</i>		
Board designated - Future Building Expansion	<u>\$ 150,000</u>	<u>\$ 150,000</u>
<i>Net assets with donor restrictions</i>		
Subject to expenditure for specified purpose		
START Program	\$ 25,000	\$ 25,000
My Blocks Grant	1,498	2,286
Neighborhood Assistance Program	35,000	45,000
HomeGrown	690	627
DermondY Funds	1,285	1,730
Clean and Green Program	7,053	1,138
MultiCultural	650	-
Parent Café	1,000	-
Upstream	362	-
Farmers Market/South Allison Hills	9,942	-
	<u>\$ 82,480</u>	<u>\$ 75,781</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:

	2020	2019
<i>Purpose restriction accomplished</i>		
Clean and Green Program	\$ 585	\$ 7,971
Neighborhood Assistance Program	45,000	25,000
START Program	-	5,000
My Blocks Grant	788	1,439
Rehab & Repairs Grant to 1514 Derry Street	-	25,000
HomeGrown	1,013	611
Evergreen Garden Project	-	1,670
DermondY Funds	445	-
Housing	1,000	-
COVID Homeless	20,000	-
Upstream	9,638	-
Farmers Market/South Allison Hills	58	-
	<u>\$ 78,527</u>	<u>\$ 66,691</u>

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

NOTE 8 COMMITMENTS AND CONTINGENCIES

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 \$ 5,316 and \$ 7,718 for the years ended June 30, 2020 and 2019, respectively.

The Commission also 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 \$ 25,005 and \$ 24,832 for the years ended June 30, 2020 and 2019, respectively.

The Commission leases several of its buildings to unrelated third parties under short-term and long-term lease arrangements. The cost of the properties rented was \$ 1,437,621 for 2020 and 2019 and the accumulated depreciation on these properties was \$ 1,387,887 and \$ 1,311,358 for 2020 and 2019, respectively. For the years ended June 30, 2020 and 2019, rental income amounted to \$ 111,274 and \$ 128,679, respectively. The amounts to be received consist of the following for the years ending June 30:

2021	<u><u>\$ 34,588</u></u>
------	-------------------------

Pending Litigation

The Commission is subject to litigation in the ordinary course of business. At June 30, 2020 two claims are open, however, they are in the discovery phase and the amount of a possible loss, if any, is not determinable.

COVID 19

Recent economic and government reactions to the COVID-19 pandemic have resulted in temporary reductions or shut down of operations for some businesses and created many economic uncertainties. These events could impact our financial condition and operating results. However, the financial impact and duration cannot be reasonably estimated at this time.

NOTE 9 IN-KIND CONTRIBUTIONS

Contributed assets, including contributed equipment and materials, are reported in the accompanying consolidated financial statements at fair market value as of the date the assets were received.

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.

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

NOTE 10 RETIREMENT PLAN

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 100% of an employee's salary deferral contribution that does not exceed 3% of employee's compensation.

The retirement plan expense for the year ended June 30, 2020 and 2019 was \$ 66,073 and \$ 64,856, respectively.

NOTE 11 RELATED ORGANIZATION

The Commission shares office space with Tri County HDC Ltd. (TCHDC) (a Pennsylvania not-for-profit corporation). The executive director of the Commission also serves on the TCHDC's Board of Directors as assistant secretary/treasurer.

TCHDC makes rental payments to the Commission monthly. Rental expense for the years ended June 30, 2020 and 2019 was \$ 3,934 and \$ 3,819, respectively.

The Commission had a receivable balance of \$ 9,773 and \$ 9,968 with TCHDC as of June 30, 2020 and 2019, respectively.

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, 2020 and 2019, the Commission had made no significant capital contributions to the Upper Dauphin Projects.

NOTE 12 CONCENTRATION OF CREDIT RISK

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 \$ 216,912 and \$ 214,832 at June 30, 2020 and 2019, respectively.

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

NOTE 13 LIQUIDITY AND AVAILABILITY

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:

	<u>2020</u>	<u>2019</u>
Financial assets at year end		
Cash and cash equivalents	\$ 1,257,861	\$ 853,281
Accounts receivable	218,484	461,456
Total financial assets	<u>1,476,345</u>	<u>1,314,737</u>
Less restricted and nonspendable amounts		
Cash held for future donor specified expenditures	(82,480)	(75,781)
Cash held for future building expansion	<u>(150,000)</u>	<u>(150,000)</u>
	<u>\$ 1,243,865</u>	<u>\$ 1,088,956</u>

Cash in the amount of \$ 82,480 and 75,781 at June 30, 2020 and 2019, respectively, has been excluded, for it has been restricted by donors for certain purposes described in Note 7.

Additionally, cash in the amount of \$ 150,000 has been excluded, as the funds have been designated by the board for future building expansion. Although the board intends to spend these funds for a future building expansion, these amounts could be made available if necessary.

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 three lines of credit totaling \$ 250,000, which it could draw upon in the event of unanticipated liquidity needs.

NOTE 14 PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Commission was approved and received \$ 279,100 through the U.S. Treasury's Paycheck Protection Program (PPP), a government initiated economic stimulus program to provide loans to assist small businesses that have been impacted by closures as a result of the COVID-19 pandemic. Under the terms of the PPP, the loan will be due in two years and bears interest at 1%, with payments deferred for 6 months and interest will continue to accrue over this period. The loan may be forgiven if the loan proceeds are used to cover payroll costs, and most mortgage interest, rent, and utility costs over the 24-week period after the loan is made and employee and compensation levels are maintained. During the year ended June 30, 2020 \$ 279,100 of the PPP funds were expended for allowable costs. Management believes the requirements for forgiveness has been met and in accordance with accounting standards has reported the funds as revenue in the statement of activities for the year ended June 30, 2020.

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

NOTE 15 SUBSEQUENT EVENTS

The Commission has evaluated events and transaction subsequent to June 30, 2020 through October 5, 2020 the date these financial statements were available to be issued. Based on the definitions and requirements of Generally Accepted Accounting Principles, the Commission has identified one event that requires disclosure in the financial statements.

Subsequent to year end, the Commission signed an asset transfer agreement effective July 1, 2020 with the Perry County Family Center, Inc. (PCFC) which transfers PCFC's assets, grants, and liabilities arising from after the closing date under the grant agreements to the Commission. PCFC was organized for the purpose of providing early learning experiences for families with pregnant mothers and/or children ages five and under residing in Perry County. PCFC voluntarily dissolved and distributed certain assets, grants and liabilities to the Commission.

SUPPLEMENTARY INFORMATION

COMMUNITY ACTION COMMISSION
D/B/A TRI COUNTY COMMUNITY ACTION
Consolidating Schedule of Financial Position
June 30, 2020

	Community Action Commission	Keystone Community Development Corporation, Inc.	Eliminations	Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,097,567	\$ 160,294	\$ -	\$ 1,257,861
Accounts receivable	217,234	1,250	-	218,484
Accounts receivable - related organization	545,111	-	(535,338)	9,773
Prepaid expenses	15,925	5,797	-	21,722
Total Current Assets	<u>1,875,837</u>	<u>167,341</u>	<u>(535,338)</u>	<u>1,507,840</u>
PROPERTY AND EQUIPMENT, NET	61,769	210,477	-	272,246
OTHER ASSETS				
Unemployment reserves - cash and cash equivalents	41,572	-	-	41,572
TOTAL ASSETS	<u>\$ 1,979,178</u>	<u>\$ 377,818</u>	<u>\$ (535,338)</u>	<u>\$ 1,821,658</u>
CURRENT LIABILITIES				
Current maturities of notes payable	\$ -	\$ 193,716	\$ -	\$ 193,716
Accounts payable	49,610	4,070	-	53,680
Accounts payable - related organization	-	535,338	(535,338)	-
Accrued payroll	33,079	-	-	33,079
Accrued vacation	38,221	-	-	38,221
Payroll taxes withheld and accrued	3,450	-	-	3,450
Accrued expenses	41,528	-	-	41,528
Deferred revenue	53,171	831	-	54,002
Total Current Liabilities	<u>219,059</u>	<u>733,955</u>	<u>(535,338)</u>	<u>417,676</u>
OTHER LIABILITIES				
Notes payable	-	302,940	-	302,940
Total Liabilities	<u>219,059</u>	<u>1,036,895</u>	<u>(535,338)</u>	<u>720,616</u>
NET ASSETS				
Without donor restriction				
Undesignated	1,527,639	(659,077)	-	868,562
Board designated	150,000	-	-	150,000
Total Without Donor Restrictions	1,677,639	(659,077)	-	1,018,562
With donor restrictions	82,480	-	-	82,480
Total Net Assets	<u>1,760,119</u>	<u>(659,077)</u>	<u>-</u>	<u>1,101,042</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,979,178</u>	<u>\$ 377,818</u>	<u>\$ (535,338)</u>	<u>\$ 1,821,658</u>

COMMUNITY ACTION COMMISSION
D/B/A TRI COUNTY COMMUNITY ACTION
Consolidating Schedule of Activities
Year Ended June 30, 2020

	<u>Community Action Commission</u>			Keystone Community Development Corporation, Inc.	Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total			
Support and Revenue						
Grants and contracts	\$ 1,959,179	\$ -	\$ 1,959,179	\$ -	\$ -	\$ 1,959,179
Paycheck Protection Program loan forgiveness	279,100	-	279,100	-	-	279,100
Rental income	-	-	-	159,274	(48,000)	111,274
Contributions	25,861	85,226	111,087	-	-	111,087
Interest income	4,879	-	4,879	-	-	4,879
Miscellaneous income	11,541	-	11,541	2,383	-	13,924
Gain on disposal of fixed assets	-	-	-	98,534	-	98,534
Released from restriction	<u>78,527</u>	<u>(78,527)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>2,359,087</u>	<u>6,699</u>	<u>2,365,786</u>	<u>260,191</u>	<u>(48,000)</u>	<u>2,577,977</u>
Expenses						
Program services	1,593,739	-	1,593,739	209,256	(48,000)	1,754,995
Supporting services						
Management and general	600,472	-	600,472	-	-	600,472
Fundraising	<u>133,327</u>	<u>-</u>	<u>133,327</u>	<u>-</u>	<u>-</u>	<u>133,327</u>
Total Expenses	<u>2,327,538</u>	<u>-</u>	<u>2,327,538</u>	<u>209,256</u>	<u>(48,000)</u>	<u>2,488,794</u>
Change in Net Assets	31,549	6,699	38,248	50,935	-	89,183
Net Assets, Beginning of Year	<u>1,646,090</u>	<u>75,781</u>	<u>1,721,871</u>	<u>(710,012)</u>	<u>-</u>	<u>1,011,859</u>
Net Assets, End of Year	<u>\$ 1,677,639</u>	<u>\$ 82,480</u>	<u>\$ 1,760,119</u>	<u>\$ (659,077)</u>	<u>\$ -</u>	<u>\$ 1,101,042</u>

COMMUNITY ACTION COMMISSION
D/B/A TRI COUNTY COMMUNITY ACTION
Consolidating Schedule of Program Expenses
Year Ended June 30, 2020

	<u>Family Self Sufficiency</u>	<u>Neighborhood Revitalization</u>	<u>Dauphin County Family Center</u>	<u>Bridges 4 Life</u>	<u>PP&L</u>	<u>Triple-P</u>	<u>Housing Services</u>	<u>Other Programs</u>	<u>Total Community Action Commission</u>	<u>Keystone Program Services</u>	<u>Eliminations</u>	<u>Total Program Services</u>
Salaries and wages	\$ 230,318	\$ 128,436	\$ 158,755	\$ 39,247	\$ 204,100	\$ 31,061	\$ 49,425	\$ -	\$ 841,342	\$ -	\$ -	\$ 841,342
Payroll taxes and fringe benefits	98,220	44,057	59,075	20,531	77,938	12,539	7,545	-	319,905	-	-	319,905
Total Personnel	<u>328,538</u>	<u>172,493</u>	<u>217,830</u>	<u>59,778</u>	<u>282,038</u>	<u>43,600</u>	<u>56,970</u>	<u>-</u>	<u>1,161,247</u>	<u>-</u>	<u>-</u>	<u>1,161,247</u>
Contracted services	10	5	13	2	17	2	5	14,093	14,147	-	-	14,147
Depreciation	-	-	-	-	-	-	-	-	-	83,440	-	83,440
Professional fees	9,075	82,694	31	6	1,541	6	11	-	93,364	6,658	-	100,022
Supplies, printing, and postage	4,062	656	994	405	487	-	2,951	1,858	11,413	-	-	11,413
Program supplies	1,648	79,216	29,210	1,237	45,315	-	1,618	20,113	178,357	-	-	178,357
Equipment purchase	1,710	64	-	641	-	-	-	2,984	5,399	-	-	5,399
Insurance	1,967	642	18	3	5,549	4	7	-	8,190	10,295	-	18,485
Interest expense	-	-	-	-	-	-	-	-	-	17,150	-	17,150
Occupancy	36,282	4,571	12,695	2,338	16,522	2,462	4,538	-	79,408	91,485	(48,000)	122,893
Travel, lodging, and meetings	6,790	694	4,095	343	342	105	4	-	12,373	-	-	12,373
Telephone	8,410	-	-	-	-	-	-	-	8,410	-	-	8,410
Subscriptions and dues	7,706	1,177	3,125	224	1,234	188	947	-	14,601	-	-	14,601
Staff training	2,875	1,121	1,846	310	50	-	533	95	6,830	-	-	6,830
Miscellaneous	-	-	-	-	-	-	-	-	-	228	-	228
Total Expenses	<u>\$ 409,073</u>	<u>\$ 343,333</u>	<u>\$ 269,857</u>	<u>\$ 65,287</u>	<u>\$ 353,095</u>	<u>\$ 46,367</u>	<u>\$ 67,584</u>	<u>\$ 39,143</u>	<u>\$ 1,593,739</u>	<u>\$ 209,256</u>	<u>\$ (48,000)</u>	<u>\$ 1,754,995</u>

**COMMUNITY ACTION COMMISSION
D/B/A TRI COUNTY COMMUNITY ACTION
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Source Code	CFDA Number	Agency or Pass-Through Number	Program Period	Total Received for the Year	Receivable (Payable) July 1, 2019	Revenues	Expenses	Receivable (Payable) June 30, 2020	Total Passed-Through to Subrecipients
U.S. Department of Health and Human Services										
Pennsylvania Department of Community and Economic Development - Community Services Block Grant	-	93.569	C000066975	July 1, 2019 - June 30, 2020	\$1,043,852	\$ 231,497	\$ 880,973	\$ 880,973	\$ 68,618	\$ -
County of Dauphin Family Centers - Community Based Child Abuse Prevention Grants	-	93.590	-	July 1, 2019 - June 30, 2020	22,950	-	22,950	22,950	-	-
County of Dauphin Family Centers - Promoting Safe and Stable Families	-	93.556	-	July 1, 2019 - June 30, 2020	180,177	44,005	184,003	184,003	47,831	-
Subtotal - U.S. Department of Health and Human Services					1,246,979	275,502	1,087,926	1,087,926	116,449	-
Department of Housing and Urban Development										
Community Development Block Grant	-	14.218	-	July 1, 2019 - June 30, 2020	3,695	-	18,695	18,695	15,000	-
Subtotal - U.S. Department of Housing and Urban Development					3,695	-	18,695	18,695	15,000	-
Total					\$1,250,674	\$ 275,502	\$1,106,621	\$ 1,106,621	\$ 131,449	\$ -

**COMMUNITY ACTION COMMISSION
D/B/A TRI COUNTY COMMUNITY ACTION
Notes to Schedule of Expenditures of Federal Awards**

NOTE 1 BASIS OF PRESENTATION

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

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, 2020, 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, 2020.

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 may exist that have not been identified.

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 Kearn & Company, LLC

Carlisle, Pennsylvania
October 5, 2020



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

We have audited Community Action Commission's (Commission) compliance with the types of compliance requirements described 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, 2020. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

Opinion on Major Federal Program

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, 2020.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Commission 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 the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Smith Elliott Kearn & Company, LLC

Carlisle, Pennsylvania
October 5, 2020

**COMMUNITY ACTION COMMISSION
D/B/A TRI COUNTY COMMUNITY ACTION
Schedule of Findings and Questioned Costs
June 30, 2020**

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

- 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 Service 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, 2020**

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, 2019.