

Audited  
Consolidated  
Financial  
Statements

June 30, 2018

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

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Smith Elliott Kearns & Company, LLC  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## 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, 2018 and 2017, 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, 2018 and 2017, 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 21 through 23 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 2018 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 2018 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 15, 2018, 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 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 15, 2018

**COMMUNITY ACTION COMMISSION**  
**D/B/A TRI COUNTY COMMUNITY ACTION**  
**Consolidated Statements of Financial Position**  
**June 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 735,528	\$ 550,239
Accounts receivable	422,024	593,727
Accounts receivable - related organization	9,743	9,743
Prepaid expenses	32,934	21,612
Total Current Assets	1,200,229	1,175,321
<b>PROPERTY AND EQUIPMENT, NET</b>	445,374	534,102
<b>OTHER ASSETS</b>		
Unemployment reserves - cash and cash equivalents	52,281	52,263
<b>TOTAL ASSETS</b>	<u>\$ 1,697,884</u>	<u>\$ 1,761,686</u>
<b>CURRENT LIABILITIES</b>		
Current maturities of notes payable	\$ 22,658	\$ 21,916
Accounts payable	43,244	41,820
Accrued payroll	23,271	19,256
Accrued vacation	20,527	26,212
Payroll taxes withheld and accrued	4,540	4,099
Accrued expenses	32,577	27,110
Deferred rent revenue	-	8,320
Deferred grant revenue	28,497	28,507
Total Current Liabilities	175,314	177,240
<b>OTHER LIABILITIES</b>		
Notes payable	517,357	539,824
Total Liabilities	692,671	717,064
<b>NET ASSETS</b>		
Unrestricted		
Undesignated	797,713	853,418
Board designated	150,000	150,000
Total Unrestricted	947,713	1,003,418
Temporarily restricted	57,500	41,204
Total Net Assets	1,005,213	1,044,622
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,697,884</u>	<u>\$ 1,761,686</u>

**COMMUNITY ACTION COMMISSION**  
**D/B/A TRI COUNTY COMMUNITY ACTION**  
**Consolidated Statement of Activities**  
**Year Ended June 30, 2018**

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	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Totals</b>
<b>SUPPORT AND REVENUE</b>			
Grants and contracts	\$ 2,374,289	\$ -	\$ 2,374,289
Rental income	110,374	-	110,374
Contributions	28,707	73,997	102,704
Interest income	3,972	-	3,972
Miscellaneous income	4,934	-	4,934
Released from restriction	57,701	(57,701)	-
	<u>2,579,977</u>	<u>16,296</u>	<u>2,596,273</u>
<b>EXPENSES</b>			
Program services	1,952,388	-	1,952,388
Supporting services			
Management and general	677,655	-	677,655
Fundraising	5,639	-	5,639
	<u>2,635,682</u>	<u>-</u>	<u>2,635,682</u>
<b>CHANGE IN NET ASSETS</b>	(55,705)	16,296	(39,409)
Net assets - Beginning	<u>1,003,418</u>	<u>41,204</u>	<u>1,044,622</u>
Net assets - Ending	<u>\$ 947,713</u>	<u>\$ 57,500</u>	<u>\$ 1,005,213</u>

**COMMUNITY ACTION COMMISSION**  
**D/B/A TRI COUNTY COMMUNITY ACTION**  
**Consolidated Statement of Activities**  
**Year Ended June 30, 2017**

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	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Totals</b>
<b>SUPPORT AND REVENUE</b>			
Grants and contracts	\$ 1,970,949	\$ -	\$ 1,970,949
Rental income	136,038	-	136,038
Contributions	41,625	41,204	82,829
Interest income	905	-	905
Miscellaneous income	<u>2,399</u>	<u>-</u>	<u>2,399</u>
Total Support and Revenue	<u>2,151,916</u>	<u>41,204</u>	<u>2,193,120</u>
<b>EXPENSES</b>			
Program services	1,540,458	-	1,540,458
Supporting services			
Management and general	617,673	-	617,673
Fundraising	<u>21,839</u>	<u>-</u>	<u>21,839</u>
Total Expenses	<u>2,179,970</u>	<u>-</u>	<u>2,179,970</u>
<b>CHANGE IN NET ASSETS</b>	(28,054)	41,204	13,150
Net assets - Beginning	<u>1,031,472</u>	<u>-</u>	<u>1,031,472</u>
Net assets - Ending	<u>\$ 1,003,418</u>	<u>\$ 41,204</u>	<u>\$ 1,044,622</u>



**COMMUNITY ACTION COMMISSION**  
**D/B/A TRI COUNTY COMMUNITY ACTION**  
**Consolidated Statement of Functional Expenses**  
**Year Ended June 30, 2018**

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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	\$ 867,434	\$ 334,380	\$ 4,062	\$ 1,205,876
Payroll taxes and fringe benefits	356,122	118,635	1,577	476,334
Contracted services	-	9,533	-	9,533
Depreciation	120,709	23,989	-	144,698
Professional fees	30,903	66,651	-	97,554
Supplies, printing, and postage	22,042	35,694	-	57,736
Program supplies	310,279	-	-	310,279
Equipment purchase	608	106	-	714
Insurance	14,390	22,377	-	36,767
Interest expense	18,737	-	-	18,737
Occupancy	135,876	27,879	-	163,755
Travel, lodging, and meetings	16,614	2,706	-	19,320
Telephone	11,811	6,828	-	18,639
Subscriptions and dues	22,470	1,887	-	24,357
Staff training	23,816	14,847	-	38,663
Miscellaneous	577	3,831	-	4,408
Equipment leases	-	8,312	-	8,312
<b>TOTAL EXPENSES</b>	<u><u>\$ 1,952,388</u></u>	<u><u>\$ 677,655</u></u>	<u><u>\$ 5,639</u></u>	<u><u>\$ 2,635,682</u></u>

**COMMUNITY ACTION COMMISSION**  
**D/B/A TRI COUNTY COMMUNITY ACTION**  
**Consolidated Statement of Functional Expenses**  
**Year Ended June 30, 2017**

		<u>Supporting Services</u>		
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 718,929	\$ 303,296	\$ 2,046	\$ 1,024,271
Payroll taxes and fringe benefits	236,508	94,916	-	331,424
Contracted services	1,127	11,294	-	12,421
Depreciation	130,094	21,038	-	151,132
Professional fees	24,274	60,847	-	85,121
Supplies, printing, and postage	19,185	32,082	23	51,290
Program supplies	168,256	-	926	169,182
Equipment purchase	1,512	664	-	2,176
Insurance	13,763	23,547	-	37,310
Interest expense	19,936	-	-	19,936
Occupancy	133,170	22,063	-	155,233
Travel, lodging, and meetings	16,030	3,725	53	19,808
Telephone	8,461	8,313	-	16,774
Special events	-	-	18,571	18,571
Subscriptions and dues	15,409	2,327	-	17,736
Staff training	32,249	18,812	95	51,156
Miscellaneous	1,547	5,771	125	7,443
Equipment leases	8	8,978	-	8,986
<b>TOTAL EXPENSES</b>	<u>\$ 1,540,458</u>	<u>\$ 617,673</u>	<u>\$ 21,839</u>	<u>\$ 2,179,970</u>

**COMMUNITY ACTION COMMISSION**  
**D/B/A TRI COUNTY COMMUNITY ACTION**  
**Consolidated Statements of Cash Flows**  
**Years Ended June 30, 2018 and 2017**

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (39,409)	\$ 13,150
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities		
Depreciation	144,698	151,132
(Increase) decrease in assets		
Accounts receivable	171,703	(28,896)
Prepaid expenses	(11,322)	(718)
Increase (decrease) in liabilities		
Accounts payable	1,424	(33,914)
Accrued payroll	4,015	3,074
Accrued vacation	(5,685)	3,641
Payroll taxes withheld and accrued	441	453
Accrued expenses	5,467	(1,724)
Deferred rent revenue	(8,320)	4,082
Deferred grant revenue	(10)	(85,029)
Net Cash and Cash Equivalents Provided by Operating Activities	263,002	25,251
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(55,970)	(53,955)
Net Cash and Cash Equivalents Used by Investing Activities	(55,970)	(53,955)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on line of credit	-	(24,308)
Payments on notes payable	(21,725)	(21,111)
Net Cash and Cash Equivalents Used by Financing Activities	(21,725)	(45,419)
Net Increase (Decrease) in Cash	185,307	(74,123)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	602,502	676,625
End of year	\$ 787,809	\$ 602,502
Cash and Cash Equivalents	\$ 735,528	\$ 550,239
Unemployment Reserves - Cash and Cash Equivalents	52,281	52,263
	\$ 787,809	\$ 602,502
<b>SUPPLEMENTARY DISCLOSURE OF CASH FLOWS INFORMATION</b>		
Cash paid for interest	\$ 18,737	\$ 19,936

**COMMUNITY ACTION COMMISSION**  
**D/B/A TRI COUNTY COMMUNITY ACTION**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2018 and 2017**

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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 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  
June 30, 2018 and 2017**

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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 Organization 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 Organization 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 Organization 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 \$ 500 or more.

**COMMUNITY ACTION COMMISSION**  
**D/B/A TRI COUNTY COMMUNITY ACTION**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2018 and 2017**

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

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***Property and Equipment (continued)***

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

Land improvements	15 years
Building	15 years
Building improvements	10-15 years
Equipment	5-7 years
Vehicle	4 years

***Net Assets***

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. A description of the three net asset categories follows:

**Unrestricted:** Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

**Temporarily Restricted:** Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time.

**Permanently Restricted:** Net assets subject to donor-imposed restrictions that are to be maintained permanently by the Organization. No permanently restricted assets were held at June 30, 2018 and 2017.

***Grant Revenue and Contributions***

Grant revenue that is deemed to be an exchange transaction is classified as unrestricted revenue 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.

**COMMUNITY ACTION COMMISSION  
D/B/A TRI COUNTY COMMUNITY ACTION  
Notes to the Consolidated Financial Statements  
June 30, 2018 and 2017**

---

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

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***Contributions***

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

***Deferred Support and Revenue***

This includes unexpended balances of grants and advanced program 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. 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.

***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.

**COMMUNITY ACTION COMMISSION**  
**D/B/A TRI COUNTY COMMUNITY ACTION**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2018 and 2017**

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

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Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization, including whether the entity is exempt from income taxes. Management evaluated the tax positions taken and concludes that the Organization 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.

**NOTE 2 ACCOUNTS RECEIVABLE**

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Accounts receivable consist of the following as of June 30:

	<b>2018</b>	<b>2017</b>
Byrne Criminal Justice	\$ -	\$ 12,902
Community Services Block Grant	239,826	274,799
County of Dauphin	24,722	212,697
Cumberland County	834	1,545
Dauphin County - Family Center	45,772	-
Dauphin County DPW - Fatherhood	3,825	5,180
Governors Square	16,778	6,292
Miscellaneous	850	5,236
Pennsylvania Power & Light	59,299	56,038
PHFA	2,150	1,950
Rental Properties	13,725	9,090
Sherman Valley, L.P.	2,136	2,132
Washington Square Preservation Associates, L.P.	5,866	5,866
Sunflower Fields	5,606	-
United Way	635	-
	<u>\$ 422,024</u>	<u>\$ 593,727</u>



**COMMUNITY ACTION COMMISSION**  
**D/B/A TRI COUNTY COMMUNITY ACTION**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2018 and 2017**

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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>2018</b>	<b>2017</b>
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	187,166	187,166
1314 Derry Street	290,395	290,395
1304 Derry Street	286,334	286,334
Building Improvements	321,675	300,378
Equipment	250,027	215,357
Vehicle	45,273	45,273
	<u>2,641,180</u>	<u>2,585,213</u>
Less: Accumulated Depreciation	<u>(2,195,806)</u>	<u>(2,051,111)</u>
	<u><u>\$ 445,374</u></u>	<u><u>\$ 534,102</u></u>

**NOTE 4     UNEMPLOYMENT COMPENSATION RESERVE**

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Effective January 1994, the Organization 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 Organization's unemployment compensation reserve is reduced accordingly. The reserve is funded by the Organization through a charge to all grant programs based on the allocation of salaries and wages, as well as management's past experience and projections.

Effective January 2001, the Organization obtained a stop loss insurance policy for unemployment compensation claims. Under the policy, the Organization 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 Organization's employees. The Organization is responsible for annual claims in excess of \$ 160,000.

The balance of the Organization's unemployment reserve at June 30, 2018 and 2017 amounted to \$ 52,281 and \$ 52,263, respectively.

**COMMUNITY ACTION COMMISSION**  
**D/B/A TRI COUNTY COMMUNITY ACTION**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2018 and 2017**

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**NOTE 5      LINES OF CREDIT**

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The Commission has a \$ 100,000 authorized line of credit with M&T Bank. This line of credit bears interest of 5.81% at June 30, 2018 and 2017. The balance of the line of credit was \$ 0 at June 30, 2018 and 2017, 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 6.25% and 5.50% at June 30, 2018 and 2017, respectively. The balance of this line of credit was \$ 0 at June 30, 2018 and 2017, 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 is due on demand. There were no amounts outstanding on this line of credit at June 30, 2018 and 2017.

**NOTE 6      NOTES PAYABLE**

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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 \$ 202,698. The balance of this note payable was \$ 346,885 and \$ 361,499 at June 30, 2018 and 2017, 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 \$ 202,698, receivables, rents, leases, and other business assets. The balance of this note payable was \$ 193,130 and \$ 200,241 at June 30, 2018 and 2017, respectively.

**COMMUNITY ACTION COMMISSION**  
**D/B/A TRI COUNTY COMMUNITY ACTION**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2018 and 2017**

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**NOTE 6 NOTES PAYABLE (CONTINUED)**

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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:	
2019	\$ 22,658
2020	23,426
2021	193,609
2022	16,475
2023	16,976
Thereafter	<u>266,871</u>
	<u>\$ 540,015</u>

**NOTE 7 BOARD DESIGNATED NET ASSETS**

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Net assets are designated by the board of directors for the following purpose at June 30:

	2018	2017
Future Building Expansion	<u>\$ 150,000</u>	<u>\$ 150,000</u>

**NOTE 8 TEMPORARILY RESTRICTED NET ASSETS**

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Temporarily restricted net assets consisted of the following at June 30:

	2018	2017
START Program	\$ 5,000	\$ -
My Blocks Grant	2,500	-
Rehab & Repairs Grant to 1514 Derry Street	25,000	-
Clean and Green Program	-	1,204
Neighborhood Assistance Program	<u>25,000</u>	<u>40,000</u>
	<u>\$ 57,500</u>	<u>\$ 41,204</u>

**COMMUNITY ACTION COMMISSION**  
**D/B/A TRI COUNTY COMMUNITY ACTION**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2018 and 2017**

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**NOTE 9 COMMITMENTS**

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The Organization leases office equipment under maintenance contracts with varying terms of no more than one year. Total equipment lease expense and maintenance expense amounted to \$ 8,312 and \$ 8,986 for the years ended June 30, 2018 and 2017, respectively.

The Organization 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 \$ 23,730 and \$ 15,424 for the years ended June 30, 2018 and 2017, respectively.

The Organization 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 2018 and 2017 and the accumulated depreciation on these properties was \$ 1,234,316 and \$ 1,143,175 for 2018 and 2017, respectively. For the years ended June 30, 2018 and 2017, rental income amounted to \$ 110,374 and \$ 136,038, respectively. The amounts to be received consist of the following for the years ending June 30:

2019	\$ 66,908
2020	46,595
2021	<u>4,052</u>
	<u>\$ 117,555</u>

**NOTE 10 IN-KIND CONTRIBUTIONS**

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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 Organization'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 11 RETIREMENT PLAN**

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The Organization sponsors a tax-deferred annuity plan through a simplified employee retirement plan. The plan is available to all employees. Under the Plan, the Organization contributes 3% of the individual's gross pay. This tax deferred 403(b) plan is for all employees who have completed three months of service. The Organization makes an Employer Matching Contribution equal to 100% of an employee's salary deferral contribution that does not exceed 3% of employee's compensation. In addition, the Organization makes an Employer Discretionary Contribution equal to 3% of employee's compensation for the plan year.

**COMMUNITY ACTION COMMISSION**  
**D/B/A TRI COUNTY COMMUNITY ACTION**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2018 and 2017**

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**NOTE 11 RETIREMENT PLAN (CONTINUED)**

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The retirement plan expense for the year ended June 30, 2018 was \$ 64,366.

During the year ended June 30, 2017, the Organization's pension plan contained forfeited account balances, which were utilized to reduce the retirement expense for 2017. The Organization's retirement expense for the year ended June 30, 2017 was \$ 14,225 after the forfeited account balances were offset against the retirement expense.

**NOTE 12 RELATED ORGANIZATION**

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The Organization shares office space and provided administrative support and management personnel to Tri County HDC Ltd. (TCHDC) (a Pennsylvania not-for-profit corporation). The executive director of the Commission also served on the TCHDC's Board of Directors as assistant secretary/treasurer. TCHDC previously recorded an in-kind donation for the cost of the services provided by the Commission. For the year ended June 30, 2017, the cost of the shared office space, benefits, and administrative support amounts to \$ 10,830. In 2018 there was no in-kind donation provided.

TCHDC makes rental payments to the Commission in the amount of \$ 300 monthly. Rental expense for the years ended June 30, 2018 and 2017 was \$ 3,600.

The Organization had a receivable balance of \$ 9,743 with TCHDC as of June 30, 2018 and 2017.

**NOTE 13 RELATED ORGANIZATIONS - PARTNERSHIPS**

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The Organization 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 Organization 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 Organization's share of each of the partnerships' profit and loss is .01%. As of June 30, 2018 and 2017, the Organization had made no significant capital contributions to the Upper Dauphin Projects.

**COMMUNITY ACTION COMMISSION**  
**D/B/A TRI COUNTY COMMUNITY ACTION**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2018 and 2017**

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**NOTE 14 CONCENTRATION OF CREDIT RISK**

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Financial instruments that potentially subject the Organization 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 Organization maintains a portion of its cash in a money market account which is not insured by the FDIC. The uninsured amount totaled \$ 211,140 and \$ 209,628 at June 30, 2018 and 2017, respectively.

**NOTE 15 SUBSEQUENT EVENTS**

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Subsequent events have been evaluated through October 15, 2018, which is the date the consolidated financial statements were available to be issued.

## **SUPPLEMENTARY INFORMATION**

**COMMUNITY ACTION COMMISSION**  
**D/B/A TRI COUNTY COMMUNITY ACTION**  
**Consolidating Schedule of Financial Position**  
**June 30, 2018**

	Community Action Commission	Keystone Community Development Corporation, Inc.	Eliminations	Total
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 730,436	\$ 5,092	\$ -	\$ 735,528
Accounts receivable	408,299	13,725	-	422,024
Accounts receivable - related organization	516,077	-	(506,334)	9,743
Prepaid expenses	29,002	3,932	-	32,934
Total Current Assets	1,683,814	22,749	(506,334)	1,200,229
<b>PROPERTY AND EQUIPMENT, NET</b>	70,925	374,449	-	445,374
<b>OTHER ASSETS</b>				
Unemployment reserves - cash and cash equivalents	52,281	-	-	52,281
<b>TOTAL ASSETS</b>	<u>\$ 1,807,020</u>	<u>\$ 397,198</u>	<u>\$ (506,334)</u>	<u>\$ 1,697,884</u>
<b>CURRENT LIABILITIES</b>				
Current maturities of notes payable	\$ -	\$ 22,658	\$ -	\$ 22,658
Accounts payable	37,810	5,434	-	43,244
Accounts payable - related organization	-	506,334	(506,334)	-
Accrued payroll	23,271	-	-	23,271
Accrued vacation	20,527	-	-	20,527
Payroll taxes withheld and accrued	4,540	-	-	4,540
Accrued expenses	32,577	-	-	32,577
Deferred grant revenue	28,497	-	-	28,497
Total Current Liabilities	147,222	534,426	(506,334)	175,314
<b>OTHER LIABILITIES</b>				
Notes payable	-	517,357	-	517,357
Total Liabilities	147,222	1,051,783	(506,334)	692,671
<b>NET ASSETS</b>				
Unrestricted				
Undesignated	1,452,298	(654,585)	-	797,713
Board designated	150,000	-	-	150,000
Total Unrestricted	1,602,298	(654,585)	-	947,713
Temporarily restricted	57,500	-	-	57,500
Total Net Assets	1,659,798	(654,585)	-	1,005,213
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,807,020</u>	<u>\$ 397,198</u>	<u>\$ (506,334)</u>	<u>\$ 1,697,884</u>



**COMMUNITY ACTION COMMISSION**  
**D/B/A TRI COUNTY COMMUNITY ACTION**  
**Consolidating Schedule of Activities**  
**Year Ended June 30, 2018**

	Community Action Commission			Temporarily Restricted	Total		Keystone Community Development Corporation, Inc.	Eliminations	Total
	Unrestricted		\$			\$			
<b>Support and Revenue</b>									
Grants and contracts	\$ 2,374,289		\$ -		2,374,289	\$ -		\$ -	2,374,289
Rental income	-		-		-			(48,000)	110,374
Contributions	28,707		73,997		102,704			-	102,704
Interest income	3,972		-		3,972			-	3,972
Miscellaneous income	4,241		-		4,241		693	-	4,934
Released from restriction	57,701		(57,701)		-		-	-	-
Total Support and Revenue	2,468,910		16,296		2,485,206		159,067	(48,000)	2,596,273
<b>Expenses</b>									
Program services	1,734,109		-		1,734,109		266,279	(48,000)	1,952,388
Supporting services									
Management and general	677,655		-		677,655		-	-	677,655
Fundraising	5,639		-		5,639		-	-	5,639
Total Expenses	2,417,403		-		2,417,403		266,279	(48,000)	2,635,682
<b>Change in Net Assets</b>									
Net Assets, Beginning of Year	51,507		16,296		67,803		(107,212)	-	(39,409)
	1,550,791		41,204		1,591,995		(547,373)	-	1,044,622
Net Assets, End of Year	\$ 1,602,298		\$ 57,500		\$ 1,659,798		\$ (654,585)	\$ -	\$ 1,005,213

**COMMUNITY ACTION COMMISSION**  
**D/B/A TRI COUNTY COMMUNITY ACTION**  
**Consolidating Schedule of Functional Expenses – By Program**  
**Year Ended June 30, 2018**

	Family Self Sufficiency	Neighborhood Revitalization	Family Center	Fatherhood	Build 4 Life	PP&L	Triple-P	Housing Services	Other Programs	Total Community Action Commission	Keystone Program Services	Eliminations	Total Program Services
Salaries and wages	\$ 275,862	\$ 115,955	\$ 130,286	\$ 20,607	\$ 37,419	\$ 210,626	\$ 31,087	\$ 45,592	\$ -	\$ 867,434	\$ -	\$ -	\$ 867,434
Payroll taxes and fringe benefits	113,956	40,343	55,675	3,763	13,577	108,286	13,028	7,494	-	356,122	-	-	356,122
Total Personnel	389,818	156,298	185,961	24,370	50,996	318,912	44,115	53,086	-	1,223,556	-	-	1,223,556
Depreciation	-	-	-	-	-	-	-	-	-	-	120,709	-	120,709
Professional fees	5,361	10,400	-	-	-	-	-	-	-	15,761	15,142	-	30,903
Supplies, printing and postage	8,794	199	3,878	-	194	7,582	-	1,023	372	22,042	-	-	22,042
Program supplies	191,390	43,948	23,665	2,804	672	-	2,620	2,124	43,056	310,279	-	-	310,279
Equipment purchase	-	71	94	104	339	-	-	-	-	608	-	-	608
Insurance	1,560	2	7	1	1	10	1	3	-	1,585	12,805	-	14,390
Interest expense	-	-	-	-	-	-	-	-	-	-	18,737	-	18,737
Occupancy	39,486	2,488	13,112	1,244	2,643	18,642	2,784	5,131	25	85,555	98,321	(48,000)	135,876
Travel, lodging and meetings	11,548	585	3,921	-	67	280	169	44	-	16,614	-	-	16,614
Telephone	11,811	-	-	-	-	-	-	-	-	11,811	-	-	11,811
Subscriptions and dues	11,687	1,388	4,287	247	446	2,505	370	1,190	350	22,470	-	-	22,470
Staff training	2,778	5,678	8,469	1	522	2,523	28	3,817	-	23,816	-	-	23,816
Miscellaneous	-	-	-	-	-	-	-	-	12	12	565	-	577
Total Expenses	\$ 674,233	\$ 221,057	\$ 243,394	\$ 28,771	\$ 55,880	\$ 350,454	\$ 50,087	\$ 66,418	\$ 43,815	\$ 1,734,109	\$ 266,279	\$ (48,000)	\$ 1,952,388

**COMMUNITY ACTION COMMISSION**  
**D/B/A TRI COUNTY COMMUNITY ACTION**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2018**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Pass-Through Grantor Information Number</u>	<u>Federal CFDA Number</u>	<u>Federal Revenue</u>	<u>Federal Expenditures</u>	<u>Payments to Subrecipients</u>
<b>U.S. Department of Health and Human Services</b>					
Passed through the County of Dauphin Family Centers:					
Promoting Safe and Stable Families	-	93.556	\$ 198,502	\$ 198,502	\$ -
Passed through Pennsylvania Department of Community and Economic Development:					
Community Services Block Grant	C000057056	93.569	1,379,324	1,379,324	-
Passed through Dauphin County Department of Human Services:					
Community -Based Child Abuse Prevention Grants	-	93.590	30,600	30,600	-
<b>Total U.S. Department of Health and Human Services</b>			<u>1,608,426</u>	<u>1,608,426</u>	<u>-</u>
<b>U.S. Department of Justice</b>					
Byrne Criminal Justice Innovation Program	-	16.817	21,390	21,390	-
<b>Department of Housing and Urban Development</b>					
Passed through Dauphin County:					
Community Development Block Grant	-	14.218	56,674	56,674	-
Passed through Dauphin County:					
Family Self-Sufficiency Program	-	14.896	812	812	-
<b>Total Department of Housing and Urban Development</b>			<u>57,486</u>	<u>57,486</u>	<u>-</u>
<b>Total</b>			<u>\$ 1,687,302</u>	<u>\$ 1,687,302</u>	<u>\$ -</u>

**COMMUNITY ACTION COMMISSION**  
**D/B/A TRI COUNTY COMMUNITY ACTION**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2018**

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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, 2018, 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 15, 2018.

***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) to determine the 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 determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Means & Company, LLC*

Carlisle, Pennsylvania

October 15, 2018



Smith Elliott Kearns & Company, LLC  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## **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, 2018. 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 the requirements of 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, 2018.

## **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, 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 preceding paragraph 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.



Carlisle, Pennsylvania  
October 15, 2018



**COMMUNITY ACTION COMMISSION  
D/B/A TRI COUNTY COMMUNITY ACTION  
Schedule of Findings and Questioned Costs  
June 30, 2018**

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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

- 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, 2018**

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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, 2017.