

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

JUNE 30, 2023 AND 2022
AND INDEPENDENT AUDITOR'S REPORT



McKONLY
& ASBURY

TAX
ASSURANCE
CONSULTING
ACCOUNTING

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

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**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

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**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

**REPORT DISTRIBUTION LIST
JUNE 30, 2023 AND 2022**

U.S. Department of Health and Human Services
National External Audit resources
Lucas Place, Room 514
323 West Eighth Street
Kansa City, MO 64105

Federal Audit Clearing House
Bureau of the Census
1201 East Tenth Street
Jeffersonville, IN 47132

Pennsylvania Coalition Against Domestic Violence
3605 Vartan Way, Suite 101
Harrisburg, PA 17110

Commonwealth of Pennsylvania
Bureau of Audits
Special Audit Services Division
Forum Place – 8th Floor
555 Walnut Street
Harrisburg, PA 17101

Lancaster County Controller's Office
P.O. Box 3480
Lancaster, PA 17603

Pennsylvania Power and Light Company
P.O.Box 4728
Lancaster, PA 17601

Redevelopment Authority of Lancaster County
150N. Queen Street, Suite 110
Lancaster, PA 17603-3562

City of Lancaster
120 North Duke Street
Lancaster, PA 17602

Commercial Loan Officer
Fulton Bank
1 Penn Square
Lancaster, PA 17602

PA Nutrition Education
135 East Nittany Avenue, Suite 405
State College, PA 16801

United Way of Lancaster County
1910 Harrington Drive, Suite A
Lancaster, PA 17601

Director of Early Childhood Programs
Pennsylvania Early Learning Keys to Quality,
Coordinated by the Berks County Intermediate
Unit
200 North Third Street
3rd Floor
Harrisburg, PA 17101

Pennsylvania Commission on Crime and
Delinquency
P.O. Box 1167
Federal Square Station
Harrisburg, PA 17108-1167

Child Care Consultants
29 N. Duke Street
York, PA 17401

Pennsylvania Department of Health
Bureau of Women, Infants and Children (WIC)
625 Forster Street,
7 West, Health & Welfare Building
Harrisburg, PA 17120

IU13
Fiscal Office
1020 New Holland Avenue
Lancaster, PA 17601

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Community Action Partnership of Lancaster County, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Community Action Partnership of Lancaster County, Inc., which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Community Action Partnership of Lancaster County, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Camp Hill

Lancaster

Bloomsburg

Philadelphia

macpas.com

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Action Partnership of Lancaster County, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Community Action Partnership of Lancaster County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Action Partnership of Lancaster County, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 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 (Uniform Guidance) is presented for the purposes of additional analysis and is not a required part of the financial statements. Also, the accompanying supplementary information required by the audit guidelines issued by the Pennsylvania Department of Human Services, Pennsylvania Coalition Against Rape, and Pennsylvania Coalition Against Domestic Violence, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and other supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2024 on our consideration of the Community Action Partnership of Lancaster County Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Partnership of Lancaster County Inc.'s internal control over financial reporting and compliance.

McKonly & Asbury, LLP

Camp Hill, Pennsylvania
March 21, 2024

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

ASSETS

| | <u>2023</u> | <u>2022</u> |
|---|----------------------|----------------------|
| Current assets | | |
| Cash and cash equivalents | \$ 479,036 | \$ 172,622 |
| Restricted cash | 653,041 | 916,625 |
| Revenue receivable | 679,343 | 2,722,302 |
| Grants receivable | 3,458,923 | 2,778,798 |
| Inventories | 1,194,728 | 570,696 |
| Prepaid expenses | 329,556 | 474,198 |
| | <u>6,794,627</u> | <u>7,635,241</u> |
| Total current assets | | |
| Other assets | | |
| Investments - note receivable | 500,000 | 500,000 |
| Accounts receivable - other | 34,000 | 34,000 |
| Right of use asset - operating leases, net of accumulated amortization (384,740) | 1,869,834 | - |
| | <u>2,403,834</u> | <u>534,000</u> |
| Total other assets | | |
| Property and equipment | | |
| Land | 480,033 | 480,033 |
| Buildings, improvements, furniture, and fixtures | 6,560,260 | 6,395,248 |
| Equipment | 622,500 | 721,336 |
| Construction in progress | 3,473 | - |
| Grant-funded assets | 2,669,613 | 2,868,254 |
| | <u>10,335,879</u> | <u>10,464,871</u> |
| Accumulated depreciation | <u>(5,038,028)</u> | <u>(5,132,278)</u> |
| Property and equipment, net | <u>5,297,851</u> | <u>5,332,593</u> |
| Total assets | <u>\$ 14,496,312</u> | <u>\$ 13,501,834</u> |

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

LIABILITIES AND NET ASSETS

| | <u>2023</u> | <u>2022</u> |
|---|----------------------|----------------------|
| Current liabilities | | |
| Accounts payable | \$ 667,828 | \$ 1,594,154 |
| Line of credit | - | 242,279 |
| Current maturities of long-term debt | 289,104 | 276,158 |
| Accrued expenses and employee withholdings | 1,084,558 | 470,435 |
| Claims payable, but not yet reported | 208,143 | 207,568 |
| Deferred revenue | 437,205 | 923,890 |
| Current portion of operating lease obligations | 429,620 | - |
| | <u>3,116,458</u> | <u>3,714,484</u> |
| Long-term debt, net of current maturities and unamortized deferred finance costs | 2,432,365 | 2,709,669 |
| Operating lease obligations, net of current portion | 1,437,491 | - |
| | <u>3,869,856</u> | <u>2,709,669</u> |
| Total long-term liabilities | <u>3,869,856</u> | <u>2,709,669</u> |
| Total liabilities | <u>6,986,314</u> | <u>6,424,153</u> |
| Net assets | | |
| Net assets without donor restrictions | | |
| Board-designated | 50,000 | 578,500 |
| Undesignated | 5,398,431 | 4,680,765 |
| | <u>5,448,431</u> | <u>5,259,265</u> |
| Total net assets without donor restrictions | 5,448,431 | 5,259,265 |
| Net assets with donor restrictions | 2,061,567 | 1,818,416 |
| | <u>2,061,567</u> | <u>1,818,416</u> |
| Total net assets | <u>7,509,998</u> | <u>7,077,681</u> |
| Total liabilities and net assets | <u>\$ 14,496,312</u> | <u>\$ 13,501,834</u> |

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|---------------------|
| Revenue and gains | | | |
| Grant revenue | \$ 22,740,928 | \$ 204,222 | \$ 22,945,150 |
| Program service fees | 1,229,092 | - | 1,229,092 |
| Formula sales | 16,207,992 | - | 16,207,992 |
| Contributions | 168,128 | 466,351 | 634,479 |
| Interest income | 14,457 | - | 14,457 |
| Special events, net | 112,795 | - | 112,795 |
| Miscellaneous | 495,298 | - | 495,298 |
| Income from partners | 184,179 | - | 184,179 |
| In-kind contributions | 904,255 | - | 904,255 |
| | <u>42,057,124</u> | <u>670,573</u> | <u>42,727,697</u> |
| Net assets released from restrictions | | | |
| Revenue | 248,768 | (248,768) | - |
| Depreciation on grant-funded assets | 178,654 | (178,654) | - |
| | <u>427,422</u> | <u>(427,422)</u> | <u>-</u> |
| Total net assets released from restrictions | | | |
| | <u>42,484,546</u> | <u>243,151</u> | <u>42,727,697</u> |
| Expenses | | | |
| Program services | 40,997,561 | - | 40,997,561 |
| Supporting services | | | |
| Management and general | 1,080,599 | - | 1,080,599 |
| Fundraising | 217,220 | - | 217,220 |
| | <u>1,297,819</u> | <u>-</u> | <u>1,297,819</u> |
| Total expenses | <u>42,295,380</u> | <u>-</u> | <u>42,295,380</u> |
| Changes in net assets | 189,166 | 243,151 | 432,317 |
| Net assets at beginning of year | <u>5,259,265</u> | <u>1,818,416</u> | <u>7,077,681</u> |
| Net assets at end of year | <u>\$ 5,448,431</u> | <u>\$ 2,061,567</u> | <u>\$ 7,509,998</u> |

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

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|---------------------|
| Revenue and gains | | | |
| Grant revenue | \$ 21,548,816 | \$ 150,607 | \$ 21,699,423 |
| Program service fees | 1,146,301 | - | 1,146,301 |
| Formula sales | 20,219,067 | - | 20,219,067 |
| Contributions | 325,495 | 123,728 | 449,223 |
| Interest income | 2,477 | - | 2,477 |
| Special events, net | 59,678 | - | 59,678 |
| Miscellaneous | 273,516 | - | 273,516 |
| In-kind contributions | 434,761 | - | 434,761 |
| | <u>44,010,111</u> | <u>274,335</u> | <u>44,284,446</u> |
| Net assets released from restrictions | | | |
| Revenue | 9,054 | (9,054) | - |
| Depreciation on grant-funded assets | 131,575 | (131,575) | - |
| | <u>140,629</u> | <u>(140,629)</u> | <u>-</u> |
| Total net assets released from restrictions | | | |
| | <u>140,629</u> | <u>(140,629)</u> | <u>-</u> |
| Total revenues and gains | <u>44,150,740</u> | <u>133,706</u> | <u>44,284,446</u> |
| Expenses | | | |
| Program services | 42,303,007 | - | 42,303,007 |
| Supporting services | | | |
| Management and general | 866,904 | - | 866,904 |
| Fundraising | 267,388 | - | 267,388 |
| | <u>1,134,292</u> | <u>-</u> | <u>1,134,292</u> |
| Total expenses | <u>43,437,299</u> | <u>-</u> | <u>43,437,299</u> |
| Changes in net assets | 713,441 | 133,706 | 847,147 |
| Net assets at beginning of year | <u>4,545,824</u> | <u>1,684,710</u> | <u>6,230,534</u> |
| Net assets at end of year | <u>\$ 5,259,265</u> | <u>\$ 1,818,416</u> | <u>\$ 7,077,681</u> |

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

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023

| | Program Services | | | | Total Program Services | Supporting Services | | Total |
|--|---------------------------------------|------------------------|-------------------------|---------------------------|------------------------------|---------------------------|-------------------|----------------------|
| | Education Childhood Development | Household Stability | Health and Nutrition | Safety and Empowerment | | Management and General | Fundraising | |
| Salaries and wages | \$ 7,538,582 | \$ 1,448,272 | \$ 2,011,338 | \$ 1,508,927 | \$ 12,507,119 | \$ 202,212 | \$ 109,086 | \$ 12,818,417 |
| Payroll taxes and fringe benefits | 2,709,762 | 514,453 | 698,247 | 500,628 | 4,423,090 | 74,986 | 39,801 | 4,537,877 |
| Licenses and inspections | 309 | 911 | 125 | 3,988 | 5,333 | 50 | 23 | 5,406 |
| Interest expense | 55,064 | 14,654 | 15,144 | 6,937 | 91,799 | 33,759 | 5,455 | 131,013 |
| Banking fees | 16,173 | 2,560 | 4,387 | 3,728 | 26,848 | 700 | 34 | 27,582 |
| Staff development | 294,444 | 21,632 | 24,750 | 21,199 | 362,025 | 69,135 | 867 | 432,027 |
| Professional services | 157,244 | 29,033 | 53,006 | 30,418 | 269,701 | 1,760 | - | 271,461 |
| Purchased services | 482,998 | 181,611 | 177,181 | 127,644 | 969,434 | - | 8,787 | 978,221 |
| Travel and transportation | 80,817 | 7,009 | 16,744 | 3,813 | 108,383 | 9,030 | 465 | 117,878 |
| Occupancy costs | 521,185 | 124,417 | 321,137 | 210,146 | 1,176,885 | 60,191 | 28,110 | 1,265,186 |
| Supplies | 711,757 | 191,064 | 227,638 | 101,411 | 1,231,870 | 33,778 | 1,050 | 1,266,698 |
| Cost of formula sold | - | - | 14,102,658 | - | 14,102,658 | - | - | 14,102,658 |
| Food | 217,451 | 20,332 | 12,953 | 16,835 | 267,571 | 11 | - | 267,582 |
| Depreciation and amortization | 139,130 | 44,516 | 40,503 | 11,866 | 236,015 | 201,505 | 14,308 | 451,828 |
| Equipment rental and lease | 27,408 | 10,897 | 8,589 | 8,280 | 55,174 | 7,229 | - | 62,403 |
| Equipment repairs and maintenance | 29,569 | 7,619 | 12,416 | 13,119 | 62,723 | 1,968 | 664 | 65,355 |
| Equipment purchases | 72,339 | 35,882 | 35,424 | 6,115 | 149,760 | 14,253 | - | 164,013 |
| Insurance | 102,726 | 30,792 | 53,233 | 36,963 | 223,714 | 63,616 | 250 | 287,580 |
| Printing | 4,955 | 2,805 | 2,256 | 2,995 | 13,011 | - | - | 13,011 |
| Subscriptions | 136,978 | 3,037 | 4,725 | 4,855 | 149,595 | (5,402) | 5,060 | 149,253 |
| Telephone | 80,144 | 25,008 | 31,603 | 16,573 | 153,328 | 5,254 | 2,479 | 161,061 |
| Postage and shipping | 9,138 | 7,599 | 983,720 | 2,425 | 1,002,882 | 128 | 744 | 1,003,754 |
| Parent involvement activities | 16,869 | - | - | - | 16,869 | - | - | 16,869 |
| Dues and memberships | 12,856 | 1,433 | 2,616 | 14,466 | 31,371 | 472 | - | 31,843 |
| Advertising | 107,196 | 5,352 | 2,069 | 1,448 | 116,065 | 2,318 | - | 118,383 |
| Miscellaneous | 44,257 | 2,319 | 64,370 | 5,239 | 116,185 | 303,646 | 37 | 419,868 |
| Pass-through grants | 816,228 | - | - | 100,369 | 916,597 | - | - | 916,597 |
| Rental and relocation assistance | - | 160,502 | - | 245,347 | 405,849 | - | - | 405,849 |
| Energy and utility assistance | - | 269,622 | - | - | 269,622 | - | - | 269,622 |
| Emergency food assistance | - | - | 631,830 | - | 631,830 | - | - | 631,830 |
| In-kind | 226,315 | - | 677,940 | - | 904,255 | - | - | 904,255 |
| Total expenses by functional category before special events | 14,611,894 | 3,163,331 | 20,216,602 | 3,005,734 | 40,997,561 | 1,080,599 | 217,220 | 42,295,380 |
| Special events | - | - | - | - | - | - | 45,312 | 45,312 |
| Total expenses | \$ 14,611,894 | \$ 3,163,331 | \$ 20,216,602 | \$ 3,005,734 | \$ 40,997,561 | \$ 1,080,599 | \$ 262,532 | \$ 42,340,692 |

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

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

| | Program Services | | | | Total Program Services | Supporting Services | | Total |
|---|---------------------------------------|------------------------|-------------------------|---------------------------|------------------------------|---------------------------|-------------------|----------------------|
| | Education Childhood Development | Household Stability | Health and Nutrition | Safety and Empowerment | | Management and General | Fundraising | |
| Salaries and wages | \$ 7,253,212 | \$ 1,359,069 | \$ 1,957,915 | \$ 1,311,103 | \$ 11,881,299 | \$ 326,163 | \$ 122,482 | \$ 12,329,944 |
| Payroll taxes and fringe benefits | 2,388,183 | 453,261 | 630,563 | 394,732 | 3,866,739 | 61,279 | 40,757 | 3,968,775 |
| Licenses and inspections | 70 | 1,622 | 281 | 1,564 | 3,537 | 294 | 23 | 3,854 |
| Interest expense | 56,160 | 15,154 | 15,816 | 10,523 | 97,653 | 9,404 | 4,085 | 111,142 |
| Banking fees | 16,300 | 2,345 | 4,047 | 3,277 | 25,969 | 301 | 34 | 26,304 |
| Staff development | 149,751 | 25,129 | 23,335 | 25,512 | 223,727 | 16,084 | - | 239,811 |
| Professional services | 186,140 | 33,253 | 53,509 | 32,621 | 305,523 | 3,531 | - | 309,054 |
| Purchased services | 385,965 | 213,714 | 113,107 | 70,513 | 783,299 | 178,622 | 49,032 | 1,010,953 |
| Travel and transportation | 94,378 | 6,631 | 14,931 | 1,737 | 117,677 | 90 | - | 117,767 |
| Occupancy costs | 492,025 | 125,493 | 173,272 | 160,234 | 951,024 | 21,737 | 29,170 | 1,001,931 |
| Supplies | 1,087,470 | 82,009 | 225,377 | 106,697 | 1,501,553 | 2,885 | 520 | 1,504,958 |
| Cost of formula sold | - | - | 17,689,124 | - | 17,689,124 | - | - | 17,689,124 |
| Food | 108,242 | 20,733 | 69,471 | 15,535 | 213,981 | - | - | 213,981 |
| Depreciation and amortization | 136,180 | 56,124 | 43,398 | 11,804 | 247,506 | 186,745 | 13,979 | 448,230 |
| Equipment rental and lease | 28,904 | 8,676 | 7,295 | 2,036 | 46,911 | 8 | - | 46,919 |
| Equipment repairs and maintenance | 36,803 | 13,874 | 10,024 | 12,212 | 72,913 | 2,588 | 1,020 | 76,521 |
| Equipment purchases | 669 | 4,079 | 21,351 | 16,698 | 42,797 | 153 | 69 | 43,019 |
| Insurance | 92,980 | 45,405 | 44,166 | 31,890 | 214,441 | 997 | 173 | 215,611 |
| Printing | 3,664 | 1,727 | 2,296 | 13,852 | 21,539 | 2,681 | - | 24,220 |
| Subscriptions | 147,931 | 1,174 | 2,144 | 3,257 | 154,506 | 125 | 2,746 | 157,377 |
| Telephone | 172,795 | 24,686 | 39,548 | 24,964 | 261,993 | 6,447 | 2,597 | 271,037 |
| Postage and shipping | 6,087 | 6,710 | 1,056,358 | 1,352 | 1,070,507 | 97 | - | 1,070,604 |
| Parent involvement activities | 14,407 | - | 153 | - | 14,560 | - | - | 14,560 |
| Dues and memberships | 20,279 | 1,779 | 2,622 | 14,212 | 38,892 | 173 | - | 39,065 |
| Advertising | 23,836 | 3,433 | 1,990 | 11,489 | 40,748 | 631 | 500 | 41,879 |
| Miscellaneous | 30,785 | 2,997 | 2,480 | 3,552 | 39,814 | 45,869 | 201 | 85,884 |
| Pass-through grants | 636,207 | - | - | 87,816 | 724,023 | - | - | 724,023 |
| Rental and relocation assistance | - | 182,329 | - | 270,886 | 453,215 | - | - | 453,215 |
| Energy and utility assistance | - | 259,072 | - | - | 259,072 | - | - | 259,072 |
| Emergency food assistance | - | - | 630,998 | - | 630,998 | - | - | 630,998 |
| In-kind | 307,467 | - | - | - | 307,467 | - | - | 307,467 |
| Total expenses by functional category before special events | <u>13,876,890</u> | <u>2,950,478</u> | <u>22,835,571</u> | <u>2,640,068</u> | <u>42,303,007</u> | <u>866,904</u> | <u>267,388</u> | <u>43,437,299</u> |
| Special events | - | - | - | - | - | - | 27,607 | 27,607 |
| Total expenses | <u>\$ 13,876,890</u> | <u>\$ 2,950,478</u> | <u>\$ 22,835,571</u> | <u>\$ 2,640,068</u> | <u>\$ 42,303,007</u> | <u>\$ 866,904</u> | <u>\$ 294,995</u> | <u>\$ 43,464,906</u> |

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

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2023 AND 2022

| | 2023 | 2022 |
|---|--------------|--------------|
| Cash flows from operating activities | | |
| Change in net assets | | |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities | \$ 432,317 | \$ 847,147 |
| Depreciation and amortization | 451,828 | 447,980 |
| Amortization of right of use asset | 384,740 | - |
| Accrued interest on operating lease obligation | 1,796 | - |
| (Increase) decrease in assets | | |
| Revenue receivable | 2,042,959 | (865,614) |
| Grants receivable | (680,125) | 815,408 |
| Inventories | (624,032) | 155,319 |
| Prepaid expenses | 144,642 | (11,094) |
| Increase (decrease) in liabilities | | |
| Cash overdraft | - | (397,165) |
| Accounts payable | (926,326) | 81,373 |
| Accrued expenses and employee withholdings | 614,123 | 90,793 |
| Claims payable, not yet reported | 575 | 2,182 |
| Deferred revenue | (486,685) | 179,580 |
| Operating lease obligation | (389,259) | - |
| Net cash provided by operating activities | 966,553 | 1,345,909 |
| Cash flows from investing activities | | |
| Capital expenditures | (409,188) | (150,607) |
| Net cash used in investing activities | (409,188) | (150,607) |
| Cash flows from financing activities | | |
| Net proceeds (payments) from line of credit | (242,279) | (483,828) |
| Principal payments on long-term debt | (272,256) | (285,804) |
| Net cash used in financing activities | (514,535) | (769,632) |
| Net increase in cash and cash equivalents | 42,830 | 425,670 |
| Cash, cash equivalents and restricted cash at beginning of year | 1,089,247 | 663,577 |
| Cash, cash equivalents and restricted cash at end of year | \$ 1,132,077 | \$ 1,089,247 |
| Supplemental disclosures of cash flows information | | |
| Interest paid | \$ 131,013 | \$ 111,142 |

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

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITY

Community Action Partnership of Lancaster County, Inc. (the Organization) is a nonprofit corporation which provides assistance to low-to-moderate income individuals and families in Lancaster County, Pennsylvania regardless of their ability to pay. The Organization operates a variety of programs including, but not limited to, Head Start, Early Learning Resource Center, Domestic Violence Services, Utility Assistance, Women, Infants, and Children (WIC), Child Daycare, Senior Centers, and WIC Formula Distribution. The Organization's programs are funded by various federal, state, and local grants, allocations, and private donations.

The Organization is recognized as a tax-exempt organization under Internal Revenue Code (IRC) Section 501(c)(3) and, therefore, is generally not subject to federal income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, if any, at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting

Assets and liabilities, revenue and gains, and expenses and losses are recognized on the accrual method of accounting. Revenue and gains are recognized in the period when earned and expenses and losses are recognized in the period when incurred.

Cash, Cash Equivalents, and Restricted Cash

The Organization considers all unrestricted cash, which is not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents on the accompanying statements of financial position.

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

Restricted cash includes amounts for the self-insured health plan. See note 19.

A reconciliation of cash, cash equivalents, and restricted cash as reported on the statement of cash flows as of June 30, 2023 and 2022 is as follows:

| | 2023 | 2022 |
|--|--------------|--------------|
| Cash and cash equivalents | \$ 479,036 | \$ 172,622 |
| Restricted cash | 653,041 | 916,625 |
| Total cash and cash equivalents, and restricted cash | \$ 1,132,077 | \$ 1,089,247 |

Revenue Receivable

Revenue receivable consists of trade accounts receivable and is shown net of an allowance for uncollectible accounts, as applicable. Revenue receivable is evaluated for collectability and an allowance is established, as deemed necessary, based on the best information available and in an amount that management believes is adequate. Revenue receivable is written off when deemed uncollectible. Recoveries of revenues receivable previously written off are recorded when received. As of June 30, 2023 and 2022, the allowance for uncollectable receivables was \$77,400 and \$17,074.

Inventories

Inventories are valued at the lower of cost or net realizable value and are comprised primarily of infant formula.

Property and Equipment

Property and equipment are carried at cost. Donations of property and equipment are recorded at their fair value on the date of donation. It is the Organization's policy to capitalize expenditures with a useful life of more than one year and a composite cost in excess of \$5,000. Lesser amounts are expensed. Depreciation is computed using the straight-line method based on useful lives as follows:

| | |
|--|----------------|
| Buildings, improvements, furniture, and fixtures | 15 to 50 years |
| Equipment | 5 to 10 years |
| Grant-funded assets | 3 to 40 years |

Depreciation expense for the years ended June 30, 2023 and 2022 amounted to \$443,932 and \$440,082, respectively.

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value amount. Fair value estimates are based on assumptions concerning the amount and timing of the estimated future cash flows and discount rates reflecting varying degrees of perceived risk. The management of the Organization concluded that no impairment adjustments were required during the years ended June 30, 2023 and 2022.

Claims Payable, But Not Yet Reported

Obligations at June 30, 2023 and 2022 for health claims incurred by active participants of the Organization's self-insured welfare benefits plan, but not yet reported at that date are estimated by the Organization's actuary in accordance with accepted actuarial principles based on claims data provided by the Organization's third-party claims administrators. These amounts are paid by the Organization only if claims are submitted and approved for payment. Such estimated amounts are reported in the accompanying statements of financial position.

Leases

The Organization has operating leases for classroom space for the Head Start Program and has operating leases for office equipment. The determination of whether an arrangement is or contains a lease is made at inception. Operating leases are included in right-of-use (ROU) assets and operating lease obligations on the statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and lease obligations are recognized at commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the risk-free rate used is based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Certain lease agreements include rental payments based on changes in the consumer price index (CPI). Lease liabilities are not remeasured as a result of changes in the CPI; instead, changes in the CPI are treated as variable lease payments and are excluded from the measurement of the ROU asset and lease liability. These payments are recognized in the period in which the related obligation was incurred. The variable lease cost recognized and disclosed for those leases in 2023

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

is disclosed in Note 10.

The Organization has elected to apply the short-term lease exemption to all asset classes. There were three short-term lease, recognized and disclosed during the year ended June 30, 2023.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Revenue Recognition

The Organization follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606 (ASC 606), *Revenue from Contracts with Customers*. The core principle prescribed by ASC 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognized as earned based on contractual terms, as transactions occur, or as services are provided.

The Organization also follows FASB ASC Topic 958, *Not-for-Profit Entities*, which determines the accounting guidance for contributions.

Contributions

All contributions are recorded as support without donor restrictions or support with donor restrictions depending on the existence and/or nature of any donor restrictions. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases the net assets with donor restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the contribution as support without donor restrictions.

When a donor restriction expires, 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.

Unconditional promises to give are expected to be collected within one year.

Conditional gifts occur when a barrier has been established by the donor and the donor has a right

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

to be released from the commitment to the Organization Conditional gifts are not recognized as revenue until the barrier has been overcome and the donor's right of release has been satisfied. Conditional gifts that have been received are reported as refundable advances until the barrier has been overcome. Unconditional gifts occur when no barrier to recognition exists, or the gift does not include a donor release. These unconditional gifts may continue to carry restrictions on their purpose or application. As such, unconditional gifts may include promises to give and may be included in net assets with donor restrictions or net assets without donor restrictions.

Contributed services are recognized when the Organization would typically purchase such services if they require specialized skills and the contributor possesses such skills.

Gifts of land, buildings, and equipment are presented as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service (as the assets are used in the Organization's activities).

Grants

The Organization accounts for grant and contract revenue, which are exchange transactions, in the statement of activities to the extent that expenses have been incurred for the purpose specified by the grantor during the period. In applying this concept, the legal requirements of each individual program are used as guidance for determination of performance obligations. All funds not expended in accordance with the grant or contract are recorded as a liability to the grantor as the Organization does not maintain any equity in the grant or contract. Additionally, grant and contract funds received in advance of their proper usage are accounted for as deferred revenue in the statement of financial position. Deferred revenue recognized at June 30, 2023 and 2022 is considered to be contract liabilities by the Organization.

Formula Sales

The Organization derives a portion of their revenue from formula sales, which is sale of purchased dietary supplements for infants and children to its customers in various states. The Organization recognizes this revenue at the point in time when the formula is shipped to the customer as this is its singular performance obligation. The Organization provides an invoice to its customers concurrent with the shipment of the product and payment is typically due in 30 days. In certain cases, returns are accepted. Economic factors affecting the nature, timing, and uncertainty of revenue and cash flows include the overall health of the economy and formula availability.

**COMMUNITY ACTION PARTNERSHIP OF
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NOTES TO FINANCIAL STATEMENTS

Program Service Fees

Program service fees primarily represent funding received from local utility providers for energy and utility assistance services and programs provided to individuals and families, and other fees charged to clients of the Organization. Amounts are recognized at the point in time services are provided.

In-Kind Contributions

Donated in-kind contributions include salaries and fringe benefits, building space, specialized services, and food and are recorded at fair value at the time of receipt. These contributions are recognized as both support and expenses in the statements of activities.

During the years ended June 30, 2023 and 2022, the Organization recognized the following in-kind contributions:

| | <u>2023</u> | <u>2022</u> |
|------------------------------|-------------------|-------------------|
| Salaries and fringe benefits | \$ 17,510 | \$ 31,867 |
| Building space | 182,704 | 273,171 |
| Specialized services | 26,101 | 2,429 |
| Donated food | <u>677,940</u> | <u>127,294</u> |
| Total in-kind contributions | <u>\$ 904,255</u> | <u>\$ 434,761</u> |

The building space was used for operations and is located in Lancaster, PA. The Organization estimated the fair value of the building space by utilizing the daily rent normally charged by the owner for the space.

The specialized services were used for operations. The Organization estimated the fair value based on prices for similar or identical services in the Lancaster region.

Salaries and fringe benefits are recorded and valued at the comparable market rate for each position.

The Organization recorded the donated food at the wholesale value at time of receipt of each item.

Deferred Finance Costs

Gross deferred finance costs totaling \$146,247 at June 30, 2023 and 2022 are being amortized using the interest method over the term of the related debt. Amortization of deferred finance costs is reported as a component of amortization expense. Amortization of deferred finance costs

**COMMUNITY ACTION PARTNERSHIP OF
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NOTES TO FINANCIAL STATEMENTS

of \$7,898 was recorded for each of the years ended June 30, 2023 and 2022.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that are restricted for a specified purpose or passage of time or are restricted in perpetuity.

Income Taxes

The Organization follows the standards for accounting for uncertainty in income taxes according to the principles of FASB ASC 740, *Income Taxes*, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

Management evaluated the Organization's tax positions and concluded that the Organization had no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

With few exceptions, the Organization is no longer subject to Federal, state, or local income tax examinations by tax authorities for the years ended before 2020.

At June 30, 2023 and 2022, there was a net operating loss carryforward of \$83,842. The operating loss carryforward was generated through unrelated business losses from rental activities previously engaged in by the Organization. Net operating losses can be carried forward 20 years from the year incurred, or until used, and investment tax credits can be carried forward 15 years, or until used. Due to the uncertainty of the utilization of the net operating loss carryforward, a deferred tax asset has not been recorded. The losses expire as follows as of June 30:

| | | |
|------|----|---------------|
| 2027 | \$ | 11,268 |
| 2028 | | 25,108 |
| 2029 | | 29,765 |
| 2030 | | <u>17,701</u> |
| | \$ | <u>83,842</u> |

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

Functional Expense Classification

The cost of providing the various programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting services benefited based on estimated usage. Supporting services consist of management and general expenses and fundraising expenses.

Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied. Expenses are generally allocated on the basis of estimated time and effort or on the basis of square footage.

Recently Adopted Accounting Standard

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)* to increase transparency and comparability among organizations by requiring the recognition of right of use (ROU) assets and lease obligation liabilities on the statement of financial position. The Organization adopted the standard effective July 1, 2022, and recognized and measured leases existing at, or entered into after, July 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment. Leases for the year ended June 30, 2022 are reported under prior lease guidance in FASB ASC 840.

The Organization elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial indirect costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

The Organization recognized on July 1, 2022 a lease obligation liability of \$2,254,573, which represents the present value of the remaining operating lease payments of \$2,519,391, discounted using the risk-free rate of 4.32%, and a ROU asset of \$2,254,573.

The standard had a material impact on the Organization's statement of financial position but did not have a material impact on the statement of activities and changes in net assets, nor the statement of cash flows. The most significant impact was the recognition of the ROU assets and lease obligation liabilities for operating leases. See note 10 for additional information regarding the leases.

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

Reclassification

Certain amounts in the 2022 financial statements have been reclassified to conform to presentation of the 2023 financial statements.

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor restrictions or other designations limiting their use, within one year of the date of the statement of financial position, comprise the following as of June 30, 2023 and 2022:

| | 2023 | 2022 |
|---|--------------|--------------|
| Cash and cash equivalents | \$ 479,036 | \$ 172,622 |
| Revenue receivable | 679,343 | 2,722,302 |
| Grants receivable | 3,458,923 | 2,778,798 |
| Total Financial Assets | 4,617,302 | 5,673,722 |
| | | |
| Amounts not Available to be used for General Expenditures Within One Year | | |
| Financial assets held for board designation | (50,000) | (578,500) |
| Financial assets held for a specified purpose | (817,140) | (599,557) |
| Total Amounts Not Available to be Used for General Expenditures Within One Year | (867,140) | (1,178,057) |
| | | |
| Financial Assets Available to be Used for General Expenditures Within One Year | \$ 3,750,162 | \$ 4,495,665 |

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Organization also has a line of credit available to meet short-term needs, which provides for borrowings up to \$5,000,000, limited to 80% of eligible accounts receivable. See Note 8.

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

4. GRANTS RECEIVABLE

Grants receivable are due from the following as of June 30:

| | 2023 | 2022 |
|---|--------------|--------------|
| County of Lancaster | \$ - | \$ 163,394 |
| Lancaster County Office of Aging | 1,789 | - |
| Lancaster County Victim and Witness Services | 8,887 | - |
| Lancaster County Housing and Redevelopment Authority | 4,705 | - |
| Pennsylvania Department of Education | 403,772 | 48,287 |
| U.S. Department of Health and Human Services | 757,173 | 580,050 |
| Pennsylvania Department of Community and Economic Development | 260,868 | 522,330 |
| Lancaster County - TEFAP | 26,061 | - |
| Pennsylvania Department of Health | 365,363 | 562,593 |
| Pennsylvania Coalition Against Domestic Violence | 204,309 | 269,755 |
| Lancaster-Lebanon IU13 | 433,071 | 156,073 |
| Pennsylvania Commission on Crime and Delinquency | 185,240 | 99,520 |
| Child Care Consultants | 267,834 | 187,446 |
| US Dept of Housing and Urban Development | 39,439 | 19,084 |
| U.S. Department of Justice | 102,632 | 1,523 |
| School District of Lancaster | 139,993 | 74,145 |
| Pennsylvania Department of Agriculture | 15,946 | - |
| Public Health Management Corporation | 644 | - |
| United Way of Lancaster County | 69,399 | - |
| Lancaster County Coalition to End Homelessness | 35,665 | - |
| Penn State University | 60,528 | 51,416 |
| Commonwealth of Pennsylvania | 75,605 | 43,182 |
| | \$ 3,458,923 | \$ 2,778,798 |

5. INVENTORIES

Inventories at the WIC formula warehouse were \$1,194,728 and \$570,696 as of June 30, 2023 and 2022, respectively.

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

6. INVESTMENTS - NOTE RECEIVABLE

These funds are restricted in use for the Nissly Chocolate Factory elderly housing property limited partnership. In 1996, \$500,000 was loaned to the limited partnership interest-free for 15 years. In February 2012, an amendment to the original terms of the loan agreement was executed extending the maturity of the note to the earlier of June 27, 2026, the sale of the property, or the refinancing of the primary loans.

7. FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurement*, established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

**COMMUNITY ACTION PARTNERSHIP OF
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An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following valuation technique was used to measure fair value of assets on a recurring basis:

Note receivable - Nissly Chocolate Factory Housing Property - the carrying amount approximates fair value and is classified as Level 3.

The method described above may produce a fair value calculation that may not be indicative of net realizable value at time of sale or maturity or reflective of future fair values. Furthermore, while the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The carrying amounts of cash and cash equivalents, revenue receivable, grants receivable, accounts payable, accrued expenses and employee withholdings, claims payable, but not yet reported, and deferred revenue included in the statement of financial position approximate fair value given the short-term nature of these financial instruments. The carrying amount of the long-term debt in the statement of financial position approximates fair value as the interest rates are commensurate with rates currently offered for such arrangements.

The following table summarizes investments by FASB ASC 820 levels as of June 30:

| | Fair Value – Level 3 | |
|---|----------------------|------------|
| | 2023 | 2022 |
| Note Receivable – Nissly Chocolate Factory Housing Property | \$ 500,000 | \$ 500,000 |

All fair value measurements using Level 3 category.

There were no changes to the Organization's Level 3 investments during the years ended June 30, 2023 or 2022.

8. LINE OF CREDIT

The Organization has an available line of credit of \$5,000,000 with Fulton Bank, limited to 80% of eligible accounts receivable at a variable interest rate. The rate at June 30, 2023 and 2022, was

**COMMUNITY ACTION PARTNERSHIP OF
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NOTES TO FINANCIAL STATEMENTS

8.52% and 4.65%, respectively. The outstanding balance on the line of credit as of June 30, 2023 and 2022, was zero and \$242,279, respectively. The line of credit is secured by accounts receivable, inventories, and equipment.

9. LONG-TERM DEBT

Long-term debt consists of the following as of June 30:

| | 2023 | 2022 |
|--|------------|------------|
| <p>Redevelopment Authority of Lancaster County for an open ended mortgage secured by the Bridge Housing building in Lancaster City; non-interest bearing with no monthly payments ; provided the borrower is not in default under any of the terms and conditions of the mortgage loan documents, there shall be no payments due during the time that the borrower maintains ownership of the property and maintains the use of the property as transitional housing for victims of domestic violence</p> | \$ 261,475 | \$ 261,475 |
| <p>Secured note payable to Fulton Bank; monthly principal and interest payments of \$22,179 at a fixed rate of 3.45% for the first five years; collateralized by real property held by the Organization; matures on July 1, 2031; note was financed with proceeds from tax-exempt bonds; this loan was amended on November 14, 2016 to reflect monthly principal and interest payments at a rate of 2.60% for the period November 14, 2016 through November 14, 2021, with a rate adjustment equal to 65% of the prime rate with a floor of 2.85% beginning November 14, 2021 for the duration of the note (5.36% as of June 30, 2023)</p> | 1,760,099 | 1,945,201 |

**COMMUNITY ACTION PARTNERSHIP OF
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| | 2023 | 2022 |
|---|-----------|-----------|
| Secured note payable to Fulton Bank; monthly principal and interest payments of \$5,386 at a fixed rate of 2.60% for first five years, with variable rate beginning November 14, 2021 for the duration of the note (5.71% as of June 30, 2023); collateralized by real property held by the Organization; matures November 14, 2031 | 489,535 | 538,731 |
| Secured auto loan to GM Financial; monthly principal and interest payments of \$554 at a fixed rate of 4.90%; the loan was paid in full on November 1, 2022 | - | 2,743 |
| Secured note payable to Fulton Bank; monthly principal and interest payments of \$792 at a fixed rate of 4.40% through September 15, 2022, followed by a variable rate calculated using SOFR thereafter (8.52% as of June 30, 2023); collateralized by real property held by the Organization; matures September 15, 2037. | 100,249 | 104,923 |
| Secured auto loan to GM Financial; monthly principal and interest payments of \$631 at a fixed rate of 5.40%; matures December 6, 2023 | 3,910 | 10,886 |
| Secured note payable to Truist Bank; monthly principal and interest payments of \$1,593 at a fixed rate of 3.46%; collateralized by real property held by the Organization matures December 26, 2036 | 170,378 | 193,943 |
| | 2,785,646 | 3,057,902 |

**COMMUNITY ACTION PARTNERSHIP OF
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NOTES TO FINANCIAL STATEMENTS

| | 2023 | 2022 |
|---|--------------|--------------|
| Deferred finance costs, net of accumulated amortization | (64,177) | (72,075) |
| Current maturities of long-term debt | (289,104) | (276,158) |
| | \$ 2,432,365 | \$ 2,709,669 |

Aggregate maturities of long-term debt, assuming no change in current terms, consist of the following for the five years ending June 30 and thereafter:

| | |
|------------|--------------|
| 2024 | \$ 289,104 |
| 2025 | 294,660 |
| 2026 | 304,242 |
| 2027 | 314,903 |
| 2028 | 324,389 |
| Thereafter | 1,258,348 |
| Total | \$ 2,785,646 |

The outstanding debt is subject to the terms of the loan agreements which provide, among other things, for the maintenance by the Organization of certain ratios, including debt service coverage. For the year ended June 30, 2022, the financial covenants were met. For the year ended June 30, 2023 the financial covenants were met.

10. LEASES

The Organization has operating leases at various educational facilities for classroom space specifically designated for the Head Start program and for office equipment. The Organization's operating leases have remaining lease terms of five to ten years, plus renewal options.

Total operating lease costs for the years ended June 30, 2023 and 2022 were \$497,006 and \$561,695, respectively and are included in expenses on the statements of functional expenses.

**COMMUNITY ACTION PARTNERSHIP OF
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The components of lease expense were as follows for the year ending June 30, 2023:

| | |
|-------------------------------|-------------------|
| Amortization of ROU assets | \$ 384,739 |
| Interest on lease liabilities | 76,629 |
| Short-term lease cost | 32,879 |
| Variable lease cost | <u>2,759</u> |
| Total lease cost | <u>\$ 497,006</u> |

The components of lease expense were as follows for the year ending June 30, 2022:

| | |
|----------------------|-------------------|
| Operating lease cost | <u>\$ 561,695</u> |
|----------------------|-------------------|

Other information related to leases was as follows as of and for the year ending June 30, 2023:

| | |
|---|--------------|
| Cash paid for amounts included in the measurement of lease liabilities: | |
| Operating cash flows for operating leases | \$ 464,091 |
| ROU assets obtained in exchange for lease obligations: | |
| Operating leases | \$ 2,254,574 |
| Weighted average remaining lease term | |
| Operating leases | 4.61 years |
| Weighted average discount rate | |
| Operating leases | 4.32% |

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

Future minimum lease payments under non-cancellable leases as of June 30, 2023 in each of the next five years and thereafter is as follows:

| <u>Year Ending June 30,</u> | |
|--|---------------------|
| 2024 | \$ 500,337 |
| 2025 | 472,320 |
| 2026 | 457,979 |
| 2027 | 295,536 |
| 2028 | 158,968 |
| Thereafter | <u>170,160</u> |
| | 2,055,300 |
| Less imputed interest | <u>(188,189)</u> |
| Net present value of minimum lease obligations | <u>\$ 1,867,111</u> |

11. BOARD-DESIGNATED NET ASSETS

Board-designated net assets represent net assets that are restricted by the Board of Directors of the Organization for use in specific programs and are not restricted by any grantor agency. Board-designated net assets restricted by the Board of Directors for major repairs, were \$50,000 as of June 30, 2023 and 2022. During 2022, the Board of Directors designated an additional \$528,500 for property maintenance, safety and security renovations, and professional services.

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of June 30:

| | 2023 | 2022 |
|--|--------------|--------------|
| WIC formula inventory | \$ 200,477 | \$ 200,477 |
| Grant-funded assets - book value | 1,043,950 | 1,018,382 |
| Columbia Senior Center bequest | - | 1,131 |
| Columbia Senior Center | - | 3,520 |
| Lancaster Senior Center | - | 1,015 |
| Women, Infants and Children (WIC) | 3,448 | - |
| Thrive to Five | 102,932 | - |
| Community Action Partnership Endowment | 1,800 | - |
| NEP Contributions | 798 | - |
| Re-entry management program | 127,301 | 24,795 |
| Domestic Violence Services | 365,636 | 422,924 |
| Crispus Attucks Community Center | 215,225 | 146,172 |
| | \$ 2,061,567 | \$ 1,818,416 |

13. GROSS PROFIT FROM FORMULA SALES

Gross profit from formula sales consists of the following as of June 30:

| | 2023 | 2022 |
|---|---------------|---------------|
| Formula sales (including shipping and handling fees charged to customers) | \$ 16,207,992 | \$ 20,219,067 |
| Cost of formula sold (including shipping, refunds, and discounts) | (14,102,658) | (17,689,124) |
| | \$ 2,105,334 | \$ 2,529,943 |

14. RETIREMENT PLAN

The Organization offers an employer-sponsored tax-deferred annuity (the Plan) under IRC Section 403(b)(7) for its full-time employees.

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

Under the Plan, all employees who work more than 1,000 hours in any year and are otherwise not excluded from the Plan are eligible to participate. All employees can make pre or post-tax contributions up to 100% of their eligible salary or the maximum allowed by the Internal Revenue Service (IRS) (including additional catch-up contributions for employees aged 50 or older), whichever is less. The Plan also allows special catch-up contributions for employees that have completed at least 15 years of service with the Organization.

The Organization offers an employer match equal to 100% of a participant's salary reduction contributions, not to exceed 4% of eligible compensation received during the year. Employer contributions to the Plan totaled \$303,603 and \$283,510 for the years ended June 30, 2023 and 2022, respectively.

The Organization also has the authority to make a discretionary contribution to the account of each eligible participant. There were no discretionary contributions for the years ended June 30, 2023 and 2022.

Participants direct the investment of all contributions into various investment options offered by the Plan. Contributions are subject to certain IRS limitations. The plan year coincides with the Organization's fiscal year.

15. DOMESTIC VIOLENCE SERVICES DISCLOSURES

The total amount budgeted under the Organization's Domestic Violence Services budget, which includes Pennsylvania Coalition Against Domestic Violence (PCADV) funding, totaled \$1,794,103 and \$2,071,217 for the years ended June 30, 2023 and 2022, respectively. The Organization had met its match requirement for the years ended June 30, 2023 and 2022 pursuant to PCADV guidelines. No interest income was earned on PCADV funding for the years ended June 30, 2023 and 2022. For the years ended June 30, 2023 and 2022, the Organization received direct federal financial assistance in excess of \$750,000. The Organization's cost allocation plan is in compliance for the years ended June 30, 2023 and 2022.

16. RELATED PARTY TRANSACTIONS

The Organization is affiliated with Lancaster Equity, Inc., a separate 501(c)(3) entity. The Organization's Chief Executive Officer is on the Board of Directors of Lancaster Equity, Inc. The Organization paid on their behalf expenses for banking services during the years ended June 30, 2023 and 2022. The Organization recognized a receivable from Lancaster Equity, Inc. for expenses in the amount of \$9,413 and \$24,387, at June 30, 2023 and 2022, respectively.

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

17. ADVERTISING

The Organization follows the policy of charging the cost of advertising to expense as incurred. Amounts charged to expense for advertising were \$118,383 and \$41,879 for the years ended June 30, 2023 and 2022, respectively.

18. UNEMPLOYMENT COMPENSATION

The Organization has elected to fund unemployment compensation insurance with the Commonwealth of Pennsylvania Unemployment Compensation Fund on a reimbursable status, whereby the Organization reimburses the Commonwealth of Pennsylvania for actual benefits paid to qualified claimants. Expenses for the years ended June 30, 2023 and 2022 amounted to \$44,676 and \$39,003, respectively. The accrued reserve for unemployment compensation as of June 30, 2023 and 2022 amounted to zero.

19. SELF-INSURANCE FOR EMPLOYEE HEALTH INSURANCE

The Organization is self-insured for certain losses relating to employee health insurance claims. The Organization covers healthcare claims up to a maximum of \$75,000 per individual with an aggregate limit approximating \$1,000,000 as adjusted based on the number of plan participants. The Organization has purchased stop-loss coverage for claims exceeding the Organization's individual liability. The Organization is given an annual premium based on historic activity and estimated future claims. At June 30, 2023 and 2022, the Organization had cash held for the self-insurance program of \$653,041 and \$916,625, respectively, and claims payable, but not yet reported of \$208,143 and \$207,568 respectively.

20. COMMITMENTS AND CONTINGENCIES

The Organization participates in federally assisted grant programs. These programs are subject to program compliance audits by grantors or their representatives. The Organization is potentially liable for any expenses that may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance that would result in the disallowance of program expenses.

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

21. RISKS AND UNCERTAINTIES CONCENTRATIONS OF CREDIT RISK

The Organization maintains accounts with local banks. At various times during the year ended June 30, 2023 and 2022, the Organization's account balances may have exceeded the federally insured limit of \$250,000.

The Organization maintains a broker-sponsored money market investment account. At various times, the balances of brokerage deposits may exceed the Securities Investor Protection Corporation limit.

Management regularly monitors the financial condition of the financial and brokerage institutions, along with the Organization's balances of cash and cash equivalents, in order to keep this potential risk to a minimum.

Concentration of Supplier Risk

Cost of formula sold for the year ended June 30, 2023 and 2022 amounted to \$14,102,658 and \$17,689,124, respectively. As of June 30, 2023 and 2022, purchases from one supplier were 22% and 46.4%, respectively, of the total cost of formula sold.

22. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 21, 2024 the date the financial statements were available to be issued. No material events subsequent to June 30, 2023 were noted.

SUPPLEMENTARY INFORMATION

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

PENNSYLVANIA COALITION AGAINST DOMESTIC VIOLENCE
SCHEDULE OF BUDGETED, REPORTED, AND ALLOWABLE COSTS - TITLE XX

YEAR ENDED JUNE 30, 2023

| | Approved Budget | Reported Costs | Allowable Costs per Audit | | |
|---|--------------------|-------------------|---------------------------|------------------------|---------------------|
| | | | Total | Over (under) Budget | Questioned Costs |
| Personnel | | | | | |
| Salaries | \$ 26,519 | \$ 26,519 | \$ 26,519 | \$ - | \$ - |
| Fringe benefits | 9,480 | 9,480 | 9,480 | - | - |
| Total personnel | <u>35,999</u> | <u>35,999</u> | <u>35,999</u> | <u>-</u> | <u>-</u> |
| Operations | | | | | |
| Federally approved indirect costs at 12.4% | <u>16,411</u> | <u>5,573</u> | <u>5,573</u> | <u>(10,838)</u> | <u>-</u> |
| Total operations | <u>16,411</u> | <u>5,573</u> | <u>5,573</u> | <u>(10,838)</u> | <u>-</u> |
| Totals | <u>\$ 52,410</u> | <u>\$ 41,572</u> | <u>\$ 41,572</u> | <u>\$ (10,838)</u> | <u>\$ -</u> |

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

PENNSYLVANIA COALITION AGAINST DOMESTIC VIOLENCE
SCHEDULE OF BUDGETED, REPORTED, AND ALLOWABLE COSTS - RELOCATION

YEAR ENDED JUNE 30, 2023

| | Approved Budget | Reported Costs | Allowable Costs per Audit | | |
|--------------------------|--------------------|-------------------|---------------------------|------------------------|---------------------|
| | | | Total | Over (under) Budget | Questioned Costs |
| Operations Relocation | \$ 28,259 | \$ 28,259 | \$ 28,259 | \$ - | \$ - |

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

PENNSYLVANIA COALITION AGAINST DOMESTIC VIOLENCE
SCHEDULE OF BUDGETED, REPORTED, AND ALLOWABLE COSTS - FVPSA

YEAR ENDED JUNE 30, 2023

| | Approved Budget | Reported Costs | Allowable Costs per Audit | | |
|---|--------------------|-------------------|---------------------------|------------------------|---------------------|
| | | | Total | Over (under) Budget | Questioned Costs |
| Personnel | | | | | |
| Salaries | \$ 47,032 | \$ 47,032 | \$ 47,032 | \$ - | \$ - |
| Fringe benefits | 17,167 | 17,167 | 17,167 | - | - |
| Total personnel | <u>64,199</u> | <u>64,199</u> | <u>64,199</u> | <u>-</u> | <u>-</u> |
| Operations | | | | | |
| Federally approved indirect costs at 12.4% | <u>12,814</u> | <u>8,190</u> | <u>8,190</u> | <u>(4,624)</u> | <u>-</u> |
| Total operations | <u>12,814</u> | <u>8,190</u> | <u>8,190</u> | <u>(4,624)</u> | <u>-</u> |
| Totals | <u>\$ 77,013</u> | <u>\$ 72,389</u> | <u>\$ 72,389</u> | <u>\$ (4,624)</u> | <u>\$ -</u> |

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

PENNSYLVANIA COALITION AGAINST DOMESTIC VIOLENCE
SCHEDULE OF BUDGETED, REPORTED, AND ALLOWABLE COSTS - ACT 44

YEAR ENDED JUNE 30, 2023

| | Approved Budget | Reported Costs | Allowable Costs per Audit | | |
|---|--------------------|-------------------|---------------------------|------------------------|---------------------|
| | | | Total | Over (under) Budget | Questioned Costs |
| Personnel | | | | | |
| Salaries | \$ 267,381 | \$ 267,381 | \$ 267,381 | \$ - | \$ - |
| Fringe benefits | 88,416 | 88,416 | 88,416 | - | - |
| Total personnel | <u>355,797</u> | <u>355,797</u> | <u>355,797</u> | <u>-</u> | <u>-</u> |
| Operations | | | | | |
| Federally approved indirect costs at 12.4% | <u>42,376</u> | <u>42,376</u> | <u>42,376</u> | <u>-</u> | <u>-</u> |
| Total operations | <u>42,376</u> | <u>42,376</u> | <u>42,376</u> | <u>-</u> | <u>-</u> |
| Totals | <u>\$ 398,173</u> | <u>\$ 398,173</u> | <u>\$ 398,173</u> | <u>\$ -</u> | <u>\$ -</u> |

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

PENNSYLVANIA COALITION AGAINST DOMESTIC VIOLENCE
SCHEDULE OF BUDGETED, REPORTED, AND ALLOWABLE COSTS - ACT 222

YEAR ENDED JUNE 30, 2023

| | Approved Budget | Reported Costs | Allowable Costs per Audit | | |
|---|--------------------|-------------------|---------------------------|------------------------|---------------------|
| | | | Total | Over (under) Budget | Questioned Costs |
| Personnel | | | | | |
| Salaries | \$ 16,846 | \$ 16,846 | \$ 16,846 | \$ - | \$ - |
| Fringe benefits | 6,157 | 6,157 | 6,157 | - | - |
| Total personnel | <u>23,003</u> | <u>23,003</u> | <u>23,003</u> | <u>-</u> | <u>-</u> |
| Operations | | | | | |
| Federally approved indirect costs at 11.2% | <u>2,738</u> | <u>2,738</u> | <u>2,738</u> | <u>-</u> | <u>-</u> |
| Total operations | <u>2,738</u> | <u>2,738</u> | <u>2,738</u> | <u>-</u> | <u>-</u> |
| Totals | <u>\$ 25,741</u> | <u>\$ 25,741</u> | <u>\$ 25,741</u> | <u>\$ -</u> | <u>\$ -</u> |

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

PENNSYLVANIA COALITION AGAINST DOMESTIC VIOLENCE
COMBINED SCHEDULE OF BUDGETED, REPORTED, AND ALLOWABLE COSTS

YEAR ENDED JUNE 30, 2023

| | Approved Budget | Reported Costs | Allowable Costs per Audit | | |
|------------------|--------------------|-------------------|---------------------------|------------------------|---------------------|
| | | | Total | Over (under) Budget | Questioned Costs |
| Title XX | | | | | |
| Personnel | \$ 35,999 | \$ 35,999 | \$ 35,999 | \$ - | \$ - |
| Operations | 16,411 | 5,573 | 5,573 | (10,838) | - |
| Total Title XX | 52,410 | 41,572 | 41,572 | (10,838) | - |
| Relocation | | | | | |
| Operations | 28,259 | 28,259 | 28,259 | - | - |
| Total relocation | 28,259 | 28,259 | 28,259 | - | - |
| FVPSA | | | | | |
| Personnel | \$ 64,199 | \$ 64,199 | \$ 64,199 | \$ - | \$ - |
| Operations | 12,814 | 8,190 | 8,190 | (4,624) | - |
| Total FVPSA | 77,013 | 72,389 | 72,389 | (4,624) | - |
| Act 44 | | | | | |
| Personnel | \$ 355,797 | \$ 355,797 | \$ 355,797 | \$ - | \$ - |
| Operations | 42,376 | 42,376 | 42,376 | - | - |
| Total Act 44 | 398,173 | 398,173 | 398,173 | - | - |
| Act 222 | | | | | |
| Personnel | \$ 23,003 | \$ 23,003 | \$ 23,003 | \$ - | \$ - |
| Operations | 2,738 | 2,738 | 2,738 | - | - |
| Total Act 222 | 25,741 | 25,741 | 25,741 | - | - |
| Totals | \$ 581,596 | \$ 566,134 | \$ 566,134 | \$ (15,462) | \$ - |

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

| Federal Grantor/Pass-through Grantor/Program Title | Federal AL Number | Pass-through Grantor's Number | June 30, 2022 Receivable (deferred) | Receipts | Expenditures | June 30, 2023 Receivable (deferred) |
|--|-------------------------|----------------------------------|---|------------------|------------------|---|
| U.S. Department of Agriculture | | | | | | |
| Pass-through programs from | | | | | | |
| Pennsylvania Department of Health | | | | | | |
| Special Supplemental Nutrition Program for | | | | | | |
| Women, Infants, and Children (WIC) | 10.557 | SAP - 4100077918 | \$ 355,651 | \$ 901,627 | \$ 545,976 | \$ - |
| Special Supplemental Nutrition Program for | 10.557 | SAP - 4100077918 | - | 1,013,215 | 1,378,578 | 365,363 |
| Women, Infants, and Children (WIC) | | | <u>355,651</u> | <u>1,914,842</u> | <u>1,924,554</u> | <u>365,363</u> |
| Pennsylvania Department of Education | | | | | | |
| Child Nutrition Cluster | | | | | | |
| Summer Food Service Program for Children | 10.559 | 300-36-100-0 | 48,287 | 48,287 | - | - |
| Summer Food Service Program for Children | 10.559 | 300-36-100-0 | - | 243,223 | 331,843 | 88,620 |
| | | | <u>48,287</u> | <u>291,510</u> | <u>331,843</u> | <u>88,620</u> |
| Pennsylvania State University | | | | | | |
| SNAP Cluster | | | | | | |
| State administrative matching grants for the Supplemental | | | | | | |
| Nutrition Assistance Program | 10.561 | S003642-COP-CAPLANC | - | 90,383 | 150,911 | 60,528 |
| State administrative matching grants for the Supplemental | | | | | | |
| Nutrition Assistance Program | 10.561 | S001655-COP-CAPLANC | 51,416 | 112,990 | 61,574 | - |
| | | | <u>51,416</u> | <u>203,373</u> | <u>212,485</u> | <u>60,528</u> |
| Lancaster County, Pennsylvania | | | | | | |
| Food Distribution Cluster | | | | | | |
| The Emergency Food Assistance Program (administrative costs) | 10.568 | ME # 446586 | 6,746 | 48,741 | 68,056 | 26,061 |
| | | | <u>6,746</u> | <u>48,741</u> | <u>68,056</u> | <u>26,061</u> |
| Total U.S. Department of Agriculture | | | <u>462,100</u> | <u>2,458,466</u> | <u>2,536,938</u> | <u>540,572</u> |

(continued)

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Cont'd)

YEAR ENDED JUNE 30, 2023

| Federal Grantor/Pass-through Grantor/Program Title | Federal AL Number | Pass-through Grantor's Number | June 30, 2022 Receivable (deferred) | Receipts | Expenditures | June 30, 2023 Receivable (deferred) |
|---|-------------------------|----------------------------------|---|----------------|----------------|---|
| U.S. Department of Housing and Urban Development | | | | | | |
| Pass-through programs from | | | | | | |
| Lancaster County Housing and Redevelopment Authorities | | | | | | |
| Emergency Solutions Grants program | 14.231 | Not available | \$ - | \$ 61,486 | \$ 63,000 | \$ 1,514 |
| Pennsylvania Coalition Against Domestic Violence | | | | | | |
| Emergency Solutions Grants program | 14.231 | Not available | 78,908 | 237,422 | 189,768 | 31,254 |
| | | | <u>78,908</u> | <u>298,908</u> | <u>252,768</u> | <u>32,768</u> |
| Continuum of Care program | 14.267 | Not available | 19,084 | 80,943 | 61,859 | |
| Continuum of Care program | 14.267 | Not available | - | 10,452 | 49,891 | 39,439 |
| Continuum of Care program | 14.267 | Not available | - | 33,254 | 33,254 | |
| Continuum of Care program | 14.267 | Not available | - | 2,882 | 2,882 | - |
| Continuum of Care program | 14.267 | Not available | - | 3,279 | 3,279 | - |
| | | | <u>19,084</u> | <u>130,810</u> | <u>151,165</u> | <u>39,439</u> |
| Total U.S. Department of Housing and Urban Development | | | <u>97,992</u> | <u>429,718</u> | <u>403,933</u> | <u>72,207</u> |
| U.S. Department of Justice | | | | | | |
| Pass-through programs from | | | | | | |
| Pennsylvania Commission on Crime and Delinquency | | | | | | |
| Crime Victim Assistance | 16.575 | 33096 | 99,520 | 607,686 | 693,406 | 185,240 |
| | | | <u>99,520</u> | <u>607,686</u> | <u>693,406</u> | <u>185,240</u> |
| County of Lancaster | | | | | | |
| Violence Against Women Act Formula Grant | 16.588 | Not available | - | 13,609 | 22,496 | 8,887 |
| Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault | 16.736 | 15JOVW-21-GG-02065-TRAN | - | - | 101,109 | 101,109 |
| | | | <u>-</u> | <u>-</u> | <u>101,109</u> | <u>101,109</u> |
| Total U.S. Department of Justice | | | <u>99,520</u> | <u>621,295</u> | <u>817,011</u> | <u>295,236</u> |

(continued)

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Cont'd)

YEAR ENDED JUNE 30, 2023

| Federal Grantor/Pass-through Grantor/Program Title | Federal AL Number | Pass-through Grantor's Number | June 30, 2022 Receivable (deferred) | Receipts | Expenditures | June 30, 2023 Receivable (deferred) |
|--|-------------------------|----------------------------------|---|-------------------|-------------------|---|
| U.S. Department of Health and Human Services | | | | | | |
| Head Start Cluster | | | | | | |
| Head Start | 93.600 | 03CH01064004 | \$ 686,037 | \$ 686,037 | \$ - | \$ - |
| Head Start | 93.600 | 03CH01064005 | - | 5,397,024 | 6,154,197 | 757,173 |
| Head Start | 93.600 | 03CH01064006 | - | 977,152 | 977,152 | - |
| Head Start | 93.600 | 03CH01066301C5 | - | 107,231 | 107,231 | - |
| Head Start | 93.600 | 03CH01066301C6 | - | 357,093 | 357,093 | - |
| Pass-through programs from Lancaster Lebanon IU13 | | | | | | |
| Early Head Start | 93.600 | C1900128 | - | 41,877 | 41,877 | - |
| Early Head Start | 93.600 | C2233200 | - | 312,632 | 546,320 | 233,688 |
| | | | <u>686,037</u> | <u>7,879,046</u> | <u>8,183,870</u> | <u>990,861</u> |
| Pass-through programs from Lancaster County, Pennsylvania | | | | | | |
| Aging Cluster | | | | | | |
| Special Programs for the Aging - title III, part B - grants for supportives services and senior centers, cares act for supportive services, under title III-b of the older american rescue plan for supportive services under title III-b of the Older Americans Act | 93.044 | Not available | 3,011 | 57,988 | 56,766 | 1,789 |
| Special Programs for the Aging - title III, part B - grants for supportives services and senior centers, CARES supportive services, under title III-b of the Older American Rescue Plan for supportive services under title III-b of the Older Americans Act | 93.044 | Not available | 7,627 | 88,379 | 80,752 | - |
| | | | <u>10,638</u> | <u>146,367</u> | <u>137,518</u> | <u>1,789</u> |
| Pass-through programs from Lancaster County, Pennsylvania | | | | | | |
| Promoting Safe and Stable Families | 93.556 | 4100067012 | 54,635 | 489,479 | 434,844 | - |
| Pass-through from School District of Lancaster | | | | | | |
| Temporary Assistance for Needy Families (TANF) | 93.558 | CAP-1819-511 | - | 98,507 | 238,500 | 139,993 |
| Pass-through programs from Pennsylvania Department of Community and Economic Development | | | | | | |
| Community Services Block Grant | 93.569 | C000067068-2022 | 269,192 | 850,244 | 581,052 | - |
| Community Services Block Grant | 93.569 | C000067068 | 232,157 | 232,157 | - | - |
| Community Services Block Grant | 93.569 | C000067068-2023 | - | 177,522 | 438,390 | 260,868 |
| Community Services Block Grant | 93.569 | C000067068-2021 - CARES | 20,981 | 532,316 | 511,335 | - |
| Community Services Block Grant | 93.569 | Not Available | - | - | 34,151 | 34,151 |
| | | | <u>522,330</u> | <u>1,792,239</u> | <u>1,564,928</u> | <u>295,019</u> |
| Pass-through programs from Pennsylvania Coalition Against Domestic Violence | | | | | | |
| Social Services Block Grant | 93.667 | Not available | - | 47,736 | 52,408 | 4,672 |
| Family Violence Prevention and Services Act | 93.671 | Not available | 113,126 | 617,917 | 652,701 | 147,910 |
| Pass-through programs from Community Connections for Children, Inc. | | | | | | |
| CCDF Cluster | | | | | | |
| Child Care and Development Block Grant | 93.575 | EHS CCP22 | 35,768 | 66,661 | 30,893 | - |
| Child Care and Development Block Grant | 93.575 | EHS CCP23 | - | 378,915 | 378,915 | - |
| Child Care and Development Block Grant | 93.575 | ELRC | - | 639,127 | 639,127 | - |
| | | | <u>35,768</u> | <u>1,084,703</u> | <u>1,048,935</u> | <u>-</u> |
| Total U.S. Department of Health and Human Services | | | <u>1,422,534</u> | <u>12,155,994</u> | <u>12,313,704</u> | <u>1,580,244</u> |

(continued)

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Cont'd)

YEAR ENDED JUNE 30, 2023

| Federal Grantor/Pass-through Grantor/Program Title | Federal AL Number | Pass-through Grantor's Number | June 30, 2022 Receivable (deferred) | Receipts | Expenditures | June 30, 2023 Receivable (deferred) |
|---|-------------------------|----------------------------------|---|----------------------|----------------------|---|
| U.S. Department of Homeland Security Pass-through programs from United way of Lancaster County Emergency Food and Shelter National Board Program | 97.024 | LRO 726800-001 | \$ - | \$ 68,100 | \$ 137,499 | \$ 69,399 |
| Total U.S. Department of Homeland Security | | | <u>-</u> | <u>68,100</u> | <u>137,499</u> | <u>69,399</u> |
| Department of the Treasury Passthrough from Lancaster County Housing Authority Emergency Rental Assistance Program | 21.023 | ERAP | - | 174,106 | 178,811 | 4,705 |
| Total Department of Treasury | | | <u>-</u> | <u>174,106</u> | <u>178,811</u> | <u>4,705</u> |
| Total Federal Awards | | | <u>\$ 2,082,146</u> | <u>\$ 15,907,679</u> | <u>\$ 16,387,896</u> | <u>\$ 2,562,363</u> |

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Community Action Partnership of Lancaster County, Inc. (the Organization) for the year ended June 30, 2023. The information in this schedule is presented in accordance with *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule is presented using the accrual basis of accounting. 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. The amounts reported in the Schedule as expenditures may differ from certain financial reports submitted to funding sources on either a cash or a modified accrual basis of accounting.

3. INDIRECT COST RATE

Indirect cost of Community Action Partnership of Lancaster County, Inc. was based on a combination of square footage, gross wages, and functional expense allocation. The organization has not elected to use the ten percent de minimis indirect cost rate.

4. FEDERAL AWARD EXPENDITURES PASSED THROUGH TO SUBRECIPIENTS

Community Action Partnership of Lancaster County, Inc. did not pass through any federal awards to subrecipients during the year ended June 30, 2023.

**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**

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Community Action Partnership of Lancaster County, Inc.

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 financial statements of Community Action Partnership of Lancaster County, Inc., which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows, for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 21, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Community Action Partnership of Lancaster County, Inc.'s internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Action Partnership of Lancaster County, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Community Action Partnership of Lancaster County, Inc.'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 Community Action Partnership of Lancaster County, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McKonly & Asbury, LLP

Camp Hill, Pennsylvania
March 21, 2024

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Community Action Partnership of Lancaster County, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, Community Action Partnership of Lancaster County, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibility for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

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

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

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

McKonly & Asbury, LLP

Camp Hill, Pennsylvania
March 21, 2024

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS, QUESTIONED COSTS, AND RECOMMENDATIONS

JUNE 30, 2023

None reported.

**COMMUNITY ACTION PARTNERSHIP OF
LANCASTER COUNTY, INC.**

SCHEDULE OF FINDINGS, QUESTIONED COSTS, AND RECOMMENDATIONS

YEAR ENDED JUNE 30, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditors’ report issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes No

Significant deficiencies identified?

Yes None reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

Yes No

Significant deficiencies identified?

Yes None reported

Type of auditors’ report issued on compliance for major federal programs?

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?

Yes No

Identification of major programs:

Assistance Listing Number

93.600

93.575

Name of Federal Program or Cluster

Head Start Cluster

CCDF Cluster

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

There were no findings for the year ended June 30, 2023.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings for the year ended June 30, 2023.



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