

COMMUNITY PROGRESS COUNCIL, INC.

FINANCIAL STATEMENTS

With Supplementary Information

YEARS ENDED JUNE 30, 2014 AND 2013

COMMUNITY PROGRESS COUNCIL, INC.

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSES - BY NATURAL CLASSIFICATIONS	5
STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7 - 14
SUPPLEMENTARY INFORMATION	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	15 - 17
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	18
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	19 - 20
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133	21 - 23
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	24
SCHEDULES OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS	25 - 28
SCHEDULES OF REVENUE, EXPENSES AND COMPARISON WITH BUDGET YORK COUNTY HUMAN SERVICES DEPARTMENT	
CASE MANAGEMENT PROGRAM	29
HOMELESS ASSISTANCE PROGRAM	30



1027 Mumma Road, Wormleysburg, PA 17043
T 717.761.0211 F 717.975.9750

1423 N. Atherton Street, State College, PA 16803
T 814.238.8474 F 814.234.3523

235 St. Charles Way, Suite 250, York, PA 17402
T 717.741.0004 F 717.741.0361

73 E. Forrest Avenue, Shrewsbury, PA 17361
T 717.227.0004 F 717.227.0052

info@sfc-cpa.com
www.sfc-cpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Community Progress Council, Inc.
York, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of **Community Progress Council, Inc.** (the Council), a nonprofit organization, which comprise the Statements of Financial Position as of June 30, 2014 and 2013, and the related Statements of Activities, Functional Expenses - By Natural Classifications, and Cash Flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Auditors' Responsibility (Continued)

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Community Progress Council, Inc.** as of June 30, 2014 and 2013, and the changes in its unrestricted net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audits were 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 the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the Schedules of Revenue and Expenses – Budget to Actual for the Homeless Assistance Program and Case Management, as required by the Department of Public Welfare, are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information described above, 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 December 22, 2014, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of the audits performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.



Harrisburg, Pennsylvania
December 22, 2014

COMMUNITY PROGRESS COUNCIL, INC.

STATEMENTS OF FINANCIAL POSITION

	June 30,	
	<u>2014</u>	<u>2013</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 850	\$ 26,981
Certificates of Deposit	8,545	8,545
Accounts Receivable	1,185,924	477,721
Prepaid Expenses	118,029	154,871
TOTAL CURRENT ASSETS	<u>1,313,348</u>	<u>668,118</u>
PROPERTY AND EQUIPMENT - At Cost,		
Less Accumulated Depreciation	708,179	637,990
OTHER ASSETS		
Security Deposits	3,396	3,396
TOTAL ASSETS	<u>\$ 2,024,923</u>	<u>\$ 1,309,504</u>
LIABILITIES AND UNRESTRICTED NET ASSETS		
CURRENT LIABILITIES		
Line of Credit	\$ 659,898	\$ 0
Accounts Payable	64,503	66,003
Refundable Advances	34,537	30,393
Accrued Payroll Taxes and Employee Withholdings	141,592	175,691
Security Deposit Payable	876	691
TOTAL CURRENT LIABILITIES	<u>901,406</u>	<u>272,778</u>
UNRESTRICTED NET ASSETS	<u>1,123,517</u>	<u>1,036,726</u>
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	<u>\$ 2,024,923</u>	<u>\$ 1,309,504</u>

See independent auditors' report and accompanying notes.

COMMUNITY PROGRESS COUNCIL, INC.

STATEMENTS OF ACTIVITIES

	Years Ended	
	June 30,	
	2014	2013
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Grant and Contract Revenue	\$ 10,157,138	\$ 10,781,637
Contributions	9,950	18,334
Other Income	177,135	229,799
In-Kind Contributions	322,517	338,183
TOTAL SUPPORT AND REVENUE	<u>10,666,740</u>	<u>11,367,953</u>
FUNCTIONAL EXPENSES		
Program and Related Services	9,772,018	10,813,131
Supporting Services - Management and General	807,931	679,016
TOTAL FUNCTIONAL EXPENSES	<u>10,579,949</u>	<u>11,492,147</u>
CHANGES IN UNRESTRICTED NET ASSETS	86,791	(124,194)
UNRESTRICTED NET ASSETS - BEGINNING	<u>1,036,726</u>	<u>1,160,920</u>
UNRESTRICTED NET ASSETS - ENDING	<u>\$ 1,123,517</u>	<u>\$ 1,036,726</u>

See independent auditors' report and accompanying notes.

COMMUNITY PROGRESS COUNCIL, INC.

STATEMENTS OF FUNCTIONAL EXPENSES - BY NATURAL CLASSIFICATIONS YEAR ENDED JUNE 30, 2014 WITH COMPARATIVE TOTAL FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013 Total
	Program and Related Services	Management and General	Total	
FUNCTIONAL EXPENSES				
Advertising	\$ 5,570	\$ 4,809	\$ 10,379	\$ 8,081
Bank Fees	0	8,338	8,338	7,082
Classroom Supplies	51,118	0	51,118	54,216
Computer Software	53,990	54,178	108,168	108,733
Contracted Services	38,399	60,625	99,024	59,040
Depreciation	131,658	0	131,658	131,529
Dues and Memberships	7,014	7,429	14,443	18,092
Enrollment Costs	11,712	0	11,712	4,644
Equipment Purchases	1,482	1,240	2,722	11,344
Field Trips	0	0	0	3,092
Food	180,586	2,486	183,072	161,854
In-Kind Contributions	322,519	0	322,519	338,182
Insurance	62,083	6,462	68,545	64,741
Interest Expense	3,365	4,408	7,773	12,650
Internet	8,766	1,530	10,296	8,288
Legal and Professional Services	6,496	53,177	59,673	47,178
Miscellaneous Expense	17,094	0	17,094	60,534
Parent Activity	6,882	0	6,882	9,705
Participant Development	19,711	0	19,711	112,938
Payroll Taxes and Fringe Benefits	1,567,068	90,727	1,657,795	1,729,732
Postage	10,731	1,777	12,508	10,675
Property Taxes	19,283	0	19,283	19,313
Reference Materials	367	0	367	670
Rent Expense	293,976	24,728	318,704	347,115
Repairs and Maintenance	184,864	7,497	192,361	184,577
Reproduction Expense	17,802	3,802	21,604	13,368
Salaries and Wages	5,612,892	414,725	6,027,617	6,660,761
Specific Assistance	604,924	0	604,924	607,255
Staff Development	104,959	44,617	149,576	140,254
Subscriptions and Publications	644	0	644	1,545
Supplies	135,230	7,265	142,495	232,555
Telephone and Utilities	235,014	4,699	239,713	254,566
Travel and Transportation	55,819	3,412	59,231	67,838
TOTAL FUNCTIONAL EXPENSES	\$ 9,772,018	\$ 807,931	\$ 10,579,949	\$ 11,492,147

See independent auditors' report and accompanying notes.

COMMUNITY PROGRESS COUNCIL, INC.

STATEMENTS OF CASH FLOWS

	Years Ended	
	June 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Unrestricted Net Assets	\$ 86,791	\$ (124,194)
Adjustments to Reconcile Changes in Unrestricted Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	131,658	131,529
(Increase) Decrease in		
Accounts Receivable	(708,203)	493,300
Prepaid Expenses	36,842	40,280
Security Deposits	0	254
Increase (Decrease) in		
Accounts Payable	(1,500)	55,522
Refundable Advances	4,144	22,460
Accrued Payroll Taxes and Employee Withholdings	(34,099)	(33,843)
Security Deposits Payable	185	(25)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(484,182)	585,283
CASH FLOWS USED BY INVESTING ACTIVITIES		
Purchases of Property and Equipment	(201,847)	0
CASH FLOWS FROM FINANCING ACTIVITIES		
Changes in Line of Credit	659,898	(559,050)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	659,898	(559,050)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(26,131)	26,233
CASH AND CASH EQUIVALENTS - BEGINNING	26,981	748
CASH AND CASH EQUIVALENTS - ENDING	\$ 850	\$ 26,981
SUPPLEMENTAL DISCLOSURES		
Interest Paid	\$ 7,773	\$ 12,650

See independent auditors' report and accompanying notes.

COMMUNITY PROGRESS COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2014 AND 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Community Progress Council, Inc. (the Council), a nonprofit organization, was established to provide assistance to low-to-moderate income individuals and families in York County, Pennsylvania, despite their inability to pay. The Council operates a variety of programs including, but not limited to Head Start, Child Care Food Program, Senior Citizen Programs, WIC (Women, Infants, and Children), Work Ready and Subsidized Work Programs, Rental Assistance, and Outreach and Referral Programs. The Council's programs are funded by various federal, state, and local grants, allocations, and private donations.

Basis of Accounting

The accompanying financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this basis, support and revenue are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The Council's financial statement presentation follows the recommendations of Accounting Standards Codification (ASC) No. 958, "Not-for-Profit Entities." Under ASC No. 958, the Council is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Council is required to present the Statements of Cash Flows. Under the provisions of ASC No. 958, net assets and changes therein are classified and reported, based on the existence or absence of donor-imposed stipulations.

- * **Unrestricted Net Assets** - Net assets that are not subject to donor-imposed stipulations. Included in unrestricted net assets for the Council are capital assets, which have some conditional stipulations due to the fact that they were originally funded by grantors.
- * **Temporarily Restricted Net Assets** - Net assets subject to donor-imposed stipulations that will be met either by action of the Council and/or the passage of time.
- * **Permanently Restricted Net Assets** - Net assets subject to permanent donor-imposed stipulations that they be maintained permanently.

At June 30, 2014 and 2013, the Council's net assets are unrestricted.

COMMUNITY PROGRESS COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2014 AND 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summarized Financial Statements

The financial statements include certain prior year summarized comparative information in total, but not by net asset class or functional expense category. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Council's financial statements as of and for the year ended June 30, 2013, from which the summarized information was derived.

Cash and Cash Equivalents

The Council considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at outstanding balances. An allowance for doubtful accounts is established through provisions charged against revenue. Accounts deemed to be uncollectible are charged against the allowance and subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is maintained at a level considered adequate to provide for losses, which can be reasonably anticipated. Management's periodic evaluation of the adequacy of the allowance is based on past experience, aging of the receivables, adverse situations that may affect a customer's ability to pay, current economic conditions, and other relevant factors. This evaluation is inherently subjective, as it requires estimates that may be susceptible to significant change. Unpaid balances remaining after the stated payment terms are considered past due. At June 30, 2014 and 2013, management's assessment has determined that no allowance for uncollectible accounts is required.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is provided using the straight-line method of accounting over the estimated useful lives of the assets. The Council's policy is to capitalize additions, improvements, and major renewals of \$5,000 or more. Maintenance, repairs, and minor renewals are charged against operations when incurred.

Refundable Advances

Most of Community Progress Council's grants operate on a reimbursement basis. However, a few grantors advance funds. Refundable advances consist of grant funds received in advance of incurring costs.

COMMUNITY PROGRESS COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2014 AND 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

The Council accounts for contributions in accordance with the recommendations of ASC No. 958-605, "Revenue Recognition." All contributions are considered to be available for unrestricted use, unless explicit donor-imposed stipulations specify how the contributions must be used. Amounts designated for future periods or restricted by donor-imposed stipulations for specific purposes, are reported as temporarily restricted or permanently restricted support, which would increase those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Council reports the support as unrestricted. When a donor-imposed stipulation expires, that is, when a time restriction ends or purpose restriction is fulfilled, temporarily or permanently restricted net assets are reclassified as unrestricted net assets and reported on the Statements of Activities as net assets released from restrictions. Grant revenue that is deemed to be an exchange transaction, is classified as unrestricted revenue or deferred revenue, as appropriate, when received or receivable. .

Financial Instruments

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and other current liabilities approximate the fair value because of the short maturity of these items. Other financial instruments, for which the fair value measurement is recurring, are measured in accordance with an established hierarchy of inputs to the valuation techniques under accounting standards generally accepted in the United States of America. The methodology for establishing the fair value for the Council's investments is more fully described below.

Fair Value Measurements

ASC No. 820, "Fair Value Measurements," establishes 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 ASC No. 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 Council has the ability to access.

COMMUNITY PROGRESS COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2014 AND 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

- * **Level 2** - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, directly or indirectly, for substantially the full-term of the financial instrument.

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

Contributed Space, Services, Materials, and Supplies

Contributed space, services, materials, and supplies are valued and recorded as in-kind revenue and expenses at the time they are received. Contributed materials are valued at their estimated fair value, professional services are valued at market value, and contributed space is recorded at the fair rental value of the space provided. Contributed professional services are recognized, if the service received either (a) creates or enhances long-lived assets or (b) requires specialized skills provided by individuals possessing those skills and would typically be purchased, if not provided by donation.

A substantial number of volunteers have made significant contributions of their time to the Council's program and supporting services, which does not meet the recognition criteria.

Allocations of Functional Expenses

The cost of providing the various program and related services and other activities are summarized on a functional basis on the Statements of Activities and Statements of Functional Expenses - By Natural Classifications. Accordingly, certain costs have been allocated among the program and related services and supporting services benefited.

Federal Income Taxes

The Council is exempt from federal income taxes as an organization described under the Internal Revenue Code (IRC) Section 501(c)(3), except for net income derived from unrelated business activities, if any. The Council has been determined not to be a private foundation. The Council's open audit periods are 2011 through 2013. ASC No. 740-10, "Income Taxes," prescribes a comprehensive model for how an organization should measure, recognize, present, and disclose uncertain tax positions taken on its tax returns. The Council believes that it has appropriate support for tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

COMMUNITY PROGRESS COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2014 AND 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 certain reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and support and revenue and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

Advertising

Advertising is expensed as incurred. Advertising costs were \$10,379 and \$8,081 for the years ended June 30, 2014 and 2013, respectively.

Reclassification

Certain amounts in the 2013 financial statements have been reclassified to conform to the 2014 presentation. These reclassifications did not affect the prior year changes in unrestricted net assets.

Subsequent Events

Management of the Council has evaluated subsequent events through December 22, 2014, which is the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

2. CONCENTRATION OF CREDIT RISK

The Council's cash balance(s) in financial institutions, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limits. Management regularly monitors the financial condition of the financial institutions, along with their cash balances, and tries to keep potential risks to a minimum. The Council has not experienced any such losses on these accounts.

3. PREPAID EXPENSES

Prepaid expenses consist of the following at June 30:

	2014	2013
Miscellaneous Prepaid Expenses	\$ 22,217	\$ 29,510
Prepaid Insurance	94,925	124,598
Prepaid Postage	887	763
Total Prepaid Expenses	<u>\$ 118,029</u>	<u>\$ 154,871</u>

COMMUNITY PROGRESS COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2014 AND 2013

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	Useful Lives	2014	2013
Land	N/A	\$ 6,309	\$ 6,309
Land Improvements	40 Years	3,519	3,519
Buildings and Improvements	10 - 40 Years	651,067	632,114
Equipment	10 Years	1,178,460	995,565
Total Property and Equipment		1,839,355	1,637,507
Less: Accumulated Depreciation		(1,131,176)	(999,517)
Net Book Value		\$ 708,179	\$ 637,990

Depreciation for the years ended June 30, 2014 and 2013 was \$131,658 and \$131,529, respectively.

5. LINE OF CREDIT

The Council has a line of credit with a local lending institution, up to the maximum amount of \$900,000. The interest rate is at the bank's prime rate. At June 30, 2014 and 2013, the outstanding balances were \$659,898 and \$0, respectively.

6. REFUNDABLE ADVANCES

Refundable advances consist of the following at June 30:

	2014	2013
Pennsylvania Department of Public Welfare - Work Ready	\$ 15,845	\$ 0
National Council on Aging, Inc. - SCSEP	0	10,367
Other Deposits or Advances	18,692	20,026
Total	\$ 34,537	\$ 30,393

7. IN-KIND CONTRIBUTIONS

In-kind contributions consist of the following at June 30:

	2014	2013
Contributed Space	\$ 281,855	\$ 290,572
Contributed Materials	40,662	47,610
Total	\$ 322,517	\$ 338,182

COMMUNITY PROGRESS COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2014 AND 2013

7. IN-KIND CONTRIBUTIONS (Continued)

	2014	2013
Foster Grandparent's Program	\$ 34,430	\$ 44,400
Head Start Program	288,087	293,782
Total	\$ 322,517	\$ 338,182

8. INDIRECT COST RATE

Indirect administrative costs are allocated to all programs utilizing either a provisional or predetermined rate. This rate is applied to all programs using a relevant basis of direct salaries and wages. This method of cost allocation addresses all elements of costs incurred and identifies common or shared costs, which require consistent and sound allocation in order to be equitably shared by all programs.

This system does not increase common or shared costs, but provides for their identification and equitable distribution on an organizational-wide basis, rather than through the negotiation of costs as a part of individual grant and contract negotiations. The Council has negotiated a predetermined indirect cost rate of 6.6 percent. The rate was in effect until July 1, 2008, when it became a provisional rate of 7.0 percent. The rate increased to 8% of salaries and benefits beginning July 1, 2014.

	2014	2013
Total Management and General	\$ 807,931	\$ 679,016
Less: Grant Funding	(410,161)	(274,741)
Less: Contributions	(184)	(122)
Net Costs to be Recovered	\$ 397,586	\$ 404,153

Calculation of Salaries and Wages Base

Salaries and Wages	\$ 6,027,617	\$ 6,660,761
Less: Administrative Salaries and Wages	(414,725)	(417,960)
Less: Stipends Paid to Enrollees	0	(469,187)
Total Salaries and Wages Base	\$ 5,612,892	\$ 5,773,614

Calculation of Actual Indirect Cost Rate

Net Costs to be Recovered	\$ 397,586	\$ 404,153
Salaries and Wages Base	\$ 5,612,892	\$ 5,773,614
Indirect Cost Percentage	7.0%	7.0%

COMMUNITY PROGRESS COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2014 AND 2013

9. PROFIT SHARING 401(K) DEFERRED CONTRIBUTION PLAN

The Council sponsors a profit sharing 401(k) deferred contribution plan. Employees that meet certain eligibility requirements are eligible to participate in the plan. Eligible employees can elect to contribute up to the lesser of 90.0 percent of compensation or \$17,500 (\$23,000 for age fifty and older) for each of the years ended June 30, 2014 and 2013. Employer matching contributions are 100.0 percent up to a maximum of 3.0 percent. Employer contributions are fully vested after three years of service. Employer contributions for the years ended June 30, 2014 and 2013 were \$106,156 and \$108,396, respectively.

10. CONTINGENT LIABILITIES

The Council participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their respective oversight agencies. The Council 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.

Under certain grant agreements, provisions exist that would require repayment to the grantor of the net book value of capital assets purchased with grant funds. These capital assets have been segregated in the Council's records. The net book value of assets purchased in this manner was \$495,142 and \$601,371 at June 30, 2014 and 2013, respectively. Repayment of these costs is not anticipated by the Council.

11. OPERATING LEASES

The Council has entered into various property and equipment lease agreements. These leases are for facilities, which have monthly rental payments ranging from \$65 to \$3,280 and involve original terms ranging from one to ten years.

Future minimum lease payments are as follows for the years ending June 30:

2015	\$ 238,721
2016	\$ 164,412
2017	\$ 162,222
2018	\$ 128,888
2019	\$ 101,731
Thereafter	\$ 110,112

SUPPLEMENTARY INFORMATION

COMMUNITY PROGRESS COUNCIL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Pass- Through Entity ID Number	Federal CFDA Number	Grant Period Beginning/ Ending Date	Federal Expenditures
<i>U.S. Department of Agriculture</i>				
Pass-Through from Pennsylvania Department of Health				
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	4100056555	10.557	10/01/2013-09/30/2014	\$ 1,039,780
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	4100060472	10.557	10/01/2012-09/30/2013	366,317
Total Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)				1,406,097
WIC Farmers' Market Nutrition Program		10.572	10/01/2012 - 09/30/2013	7,825
Pass-Through from Pennsylvania Department of Education				
Child and Adult Care Food Program		10.558	10/01/2013-09/30/2014	229,715
Child and Adult Care Food Program		10.558	10/01/2012-09/30/2013	35,424
Total Child and Adult Care Food Program				265,139
Total U.S. Department of Agriculture				\$ 1,679,061
<i>U.S. Department of Housing and Urban Development</i>				
Pass-Through from City of York				
Community Development Block Grants				
Homebuyer Assistance Program		14.218	01/01/2014-12/31/2014	\$ 6,116
Homebuyer Assistance Program		14.218	01/01/2013-12/31/2013	46,370
Total Homebuyer Assistance Program				52,486

(Continued on Next Page)

See independent auditors' report and accompanying note to schedule.

COMMUNITY PROGRESS COUNCIL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Pass- Through Entity ID Number	Federal CFDA Number	Grant Period Beginning/ Ending Date	Federal Expenditures
<i>U.S. Department of Housing and Urban Development (Continued)</i>				
Pass-Through from York County Planning Commission				
Community Development Block Grants/Entitlement Grant				
Homebuyer Assistance		14.218	01/01/2013-12/31/2013	\$ 36,582
Community Center - Delta Outreach		14.218	01/01/2014-12/31/2014	15,693
Community Center - Delta Outreach		14.218	01/01/2013-12/31/2013	14,516
Rental Assistance		14.218	01/01/2014-12/31/2014	10,830
Rental Assistance		14.218	01/01/2013-12/31/2013	41,802
Total Community Development Block Grants/Entitlement Grant				119,423
Pass-Through from York County Planning Commission				
Emergency Solutions Grant Program		14.231	10/01/2013-09/30/2014	6,256
Emergency Solutions Grant Program		14.231	10/01/2012-09/30/2013	42,311
Total Emergency Solutions Grant Program				48,567
Total U.S. Department of Housing and Urban Development				\$ 220,476
<i>U.S. Department of Health and Human Services</i>				
Head Start	03CH3399/02	93.600	06/01/2014-05/31/2015	\$ 121,577
Head Start	03CH3399/01	93.600	07/01/2013-05/31/2014	2,967,625
Head Start	03CH2106/47	93.600	06/01/2012-06/30/2013	122,512
Early Head Start	03CH3441/01	93.600	07/01/2014-05/31/2015	74,033
Early Head Start	03CH2106/48	93.600	06/01/2013-06/30/2014	1,218,257
Early Head Start	03CH2106/47	93.600	06/01/2012-05/31/2013	16,252
Total Head Start/Early Head Start				4,520,256

(Continued on Next Page)

See independent auditors' report and accompanying note to schedule.

COMMUNITY PROGRESS COUNCIL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Pass- Through Entity ID Number	Federal CFDA Number	Grant Period Beginning/ Ending Date	Federal Expenditures
<i>U.S. Department of Health and Human Services (Continued)</i>				
Pass-Through Pennsylvania Department of Public Welfare				
Temporary Assistance for Needy Families Work Ready		93.558	10/01/2013-09/30/2014	\$ 196,927
Temporary Assistance for Needy Families Work Ready	4100057873	93.558	10/01/2012-09/30/2013	56,087
Total Temporary Assistance for Needy Families				253,014
Pass-Through PA Department of Community and Economic Development				
Community Services Block Grant	C000051705	93.569	10/01/2013-09/30/2014	111,276
Community Services Block Grant	C000052450	93.569	10/01/2012-09/30/2013	401,095
Total Community Service Block Grant				512,371
Corporation for National and Community Services				
Foster Grandparent Program	10SFAPA004	94.011	04/01/2013-03/31/2014	233,718
Total Foster Grandparent Program				
<i>Total U.S. Department of Health and Human Services</i>				\$ 5,519,359
<i>U.S. Department of Homeland Security</i>				
Pass-Through from United Way of America	LRO#734200-007	97.024	07/01/2013-06/30/2014	\$ 10,010
Total Federal Awards Expended				\$ 7,428,906

See independent auditors' report and accompanying note to schedule.

COMMUNITY PROGRESS COUNCIL, INC.

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2014

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Council and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*.

2. REQUIRED INFORMATION BY THE PENNSYLVANIA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT

The presentation of federal expenditures on the Schedule of Expenditures of Federal Awards presents the expenditures as above explained on the accrual basis. Under this basis, expenses are recorded when the corresponding liability occurs. The Department of Community and Economic Development requires that grants passed through their agency be presented on a cash basis. Under this basis, the revenue/expenditures would only be recorded when received or paid. Accordingly, below is the cash-basis revenue/expenditures under CFDA No. 92.569, passed through to Community Progress Council:

Community Service Block Grant Funds, Cash Received July 1, 2013 through June 30, 2014	<u>\$887,216</u>
--	------------------



1027 Mumma Road, Wormleysburg, PA 17043
T 717.761.0211 F 717.975.9750

1423 N. Atherton Street, State College, PA 16803
T 814.238.8474 F 814.234.3523

235 St. Charles Way, Suite 250, York, PA 17402
T 717.741.0004 F 717.741.0361

73 E. Forrest Avenue, Shrewsbury, PA 17361
T 717.227.0004 F 717.227.0052

info@sfc-cpa.com
www.sfc-cpa.com

**INDEPENDENT AUDITORS' 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**

To the Board of Directors
Community Progress Council, Inc.
York, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of **Community Progress Council, Inc.** (the Council), a nonprofit organization, which comprise the Statements of Financial Position as of June 30, 2014 and 2013, and the related Statements of Activities, Functional Expenses - By Natural Classifications, and Cash Flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 22, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Council'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.

Internal Control over Financial Reporting (Continued)

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council'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 Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



York, Pennsylvania
December 22, 2014



1027 Mumma Road, Wormleysburg, PA 17043
T 717.761.0211 F 717.975.9750

1423 N. Atherton Street, State College, PA 16803
T 814.238.8474 F 814.234.3523

235 St. Charles Way, Suite 250, York, PA 17402
T 717.741.0004 F 717.741.0361

73 E. Forrest Avenue, Shrewsbury, PA 17361
T 717.227.0004 F 717.227.0052

info@sfc-cpa.com
www.sfc-cpa.com

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors
Community Progress Council, Inc.
York, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited **Community Progress Council, Inc.'s** (the Council) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Council's major federal programs for the year ended June 30, 2014. The Council's major federal programs are identified in the summary of auditors' results section on the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Council's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Auditors' Responsibility (Continued)

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Council's compliance.

Opinion on Each Major Federal Program

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance and internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of **Community Progress Council, Inc.** as of and for the years ended June 30, 2014 and 2013, and have issued our report thereon, dated December xx, 2014, which contained an unmodified opinion on those financial statements. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic 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 Expenditure of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.



Harrisburg, Pennsylvania
December 22, 2014

COMMUNITY PROGRESS COUNCIL, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2014

SUMMARY OF AUDIT RESULTS

1. The *Independent Auditors' Report* expresses an unmodified opinion on the financial statements of the Council.
2. The *Independent Auditors' 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* reported no significant deficiencies or material weaknesses in internal control. There were no compliance findings reported.
3. The *Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133* is unmodified.
4. There were no audit findings reported or disclosed, which would be required to be reported in accordance with Section 510(a) of OMB Circular A-133.
5. The *Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133* expresses the opinion that the Schedule of Federal Awards is fairly stated in all material respects.
6. The programs tested as Major Programs:

U.S. Department of Agriculture

Special Supplemental Nutrition Program Women, Infants, and Children (WIC) -
Federal CFDA No. 10.557

U.S. Department of Health and Human Services

Head Start - Federal CFDA No. 93.600

Temporary Assistance for Needy Families (TANF) - Federal CFDA No. 93.558

Community Services Block Grant - Federal CFDA No. 93.569

Special Supplemental Nutrition Program for Women, Infants & Children – Federal CFDA 10.557

7. The threshold for distinguishing Types A and B programs was \$300,000.
8. The Council did not qualify as a low risk auditee.

FINDINGS AND QUESTIONED COSTS IN THE YEAR ENDING JUNE 30, 2014

NONE

COMMUNITY PROGRESS COUNCIL, INC.

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2014

Finding No. 2013-01

Criteria: The financial information system needs to be properly utilized to allow for a clean cut-off at month-end and year-end dates.

Condition: The system currently in use is complex and is accommodating to a variety of programs, which extend across fiscal periods, but the proper method of performing the year-end close has not been performed by the Council's staff in a timely manner. Generally, the software consultants have been involved in this process, but it takes place several months subsequent to year-end. Further, during the subsequent period, entries can and are posted into the prior period.

Cause: Largely the cause is due to employee turnover. This system requires a significant amount of understanding of all of the Council's programs and experience and knowledge with the GMS software system. Turnover has prevented this from occurring.

Effect: Accounts were not properly closed at year-end.

Recommendation: That the Council strives to hire and retain competent fiscal individuals, while providing the training and assistance needed to work within the financial framework in place.

Auditee's Response and Corrective Action Plan: The Council agrees with the auditors' recommendation. We hired a new Chief Financial Officer (CFO) in October 2013 and will consider supplementing staff as funding allows. The CFO had eight days of intensive one-on-one training at the Council with the lead trainer from GMS Accounting Software. The current fiscal department staff is scheduled to participate in training on the software at its annual conference during May 2014. The Council will re-evaluate the modules currently in use and add others, which will enhance the fiscal control and operations

Status at Year-End 2014: Employee turnover in the fiscal department appears to have stabilized. The adjustments to close programs and post necessary receivable and deferrals were performed timely in the current year, given the size and structure of the Council. The number of adjusting journal entries at year-end June 30, 2014 was considerably less than has been the case in prior years.

COMMUNITY PROGRESS COUNCIL, INC.

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2014

Finding No. 2012-01

Criteria: To accurately reflect the financial position and results of operations, all general ledger accounts should be reviewed on a monthly basis, with adjustments made as necessary. Compliance with grant terms requires that cash management controls exist to ensure that the time elapsing between the transfer of federal funds and the disbursement of those funds be minimized.

Condition: During the audit for the year ended June 30, 2012, many of the prior year adjusting entries were not reversed until May 2012 and a significant number of adjusting entries were posted as a result of the audit.

Cause: During the year ended June 30, 2012, the individual in charge with adjusting the financial statements was seriously ill and was on sick leave for several months.

Effect: Because of the lack of timeliness of journal entries made to reverse prior receivables and deferred revenue, internal financial reports were likely inaccurate. Further, the balance of grant funds would not have been properly reported, due to the fact that the receivables and revenue deferred would impact the amount of grant funds already drawn down. Because of the number of entries posted as a result of the audit, the financial statements and the grant activity may not have been properly recorded or reported.

Recommendation: Those entries made at year-end, to record receivables and deferred revenue, be promptly reversed after the audit is complete. We also recommend that two individuals share responsibility for posting and reversing journal entries, so that in the event that a position becomes vacant for a period of time, another employee is able to perform those duties. We also recommend that the adjusting journal entries be reviewed by an individual, who is independent of recording and processing financial information.

Status at Year-End 2014: This issue appears to have been largely resolved. Adjusting entries made as a result of the June 30, 2013 audit were properly posted and reversed.

COMMUNITY PROGRESS COUNCIL, INC.

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2014

Finding No. 2011-01

Criteria: To accurately reflect the financial position and results of operations, all general ledger accounts should be reviewed on a monthly basis, with adjustments made as necessary.

Condition: During the audit for the year ended June 30, 2011, the auditors observed that material journal entries were posted to the general ledger to correct various accounts receivable, deferred revenue, payroll liability, and revenue accounts.

Effect: Because of the lack of timeliness of the material journal entries made during the audit process, the Council runs the risk that material adjustments to the general ledger could result in unrecovered and disallowed costs.

Recommendation: That procedures and controls be implemented to ascertain that the all general ledger accounts be analyzed on a monthly basis and adjusted as needed.

Current Status: A significant deficiency was reported at June 30, 2012 and 2013 also addresses issues with the general ledger.

Finding No. 2011-02

Criteria: Report for payroll taxes should be timely filed and payroll taxes should be timely paid, before due dates, to prevent the Council from incurring penalties and interest on late payments.

Condition: During the audit for the year ended June 30, 2011, the auditors observed that material reports for payroll taxes were not filed and certain payroll taxes were not remitted to taxing agencies before the due dates. This was discovered as part of the audit process and brought to management's attention.

Effect: The Council had incurred penalties and interest for noncompliance with payroll statutes.

Recommendation: That procedures and controls be implemented to ascertain that the reports for payroll tax are filed and applicable remittances are made in accordance with payroll statutes.

Current Status: Subsequent to the year ended June 30, 2011, the Council contracted with a local service provider to assist with its payroll processing. Our testing of the payroll process did not reveal significant deficiencies or untimely filings.

COMMUNITY PROGRESS COUNCIL, INC.

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2014

Finding No. 2011-03

Criteria: The Department of Health and Human Services' (DHHS) cash drawdown procedures as stated during the March 2011 OMB A-133, *Compliance Supplement* and the Council's policies and procedures mandate an appropriate level of supervisory review of cash management.

Condition: During the audit, we had observed that on or around July 2010, the cash drawdowns requested for Head Start were no longer being approved by a person independent of preparing the drawdown request.

Effect: The Council is not in compliance with DHHS' and the Council's policies and procedures relating the drawdown procedures.

Recommendation: We recommend that the Council reimplemented its policies, which all DHHS' drawdowns be reviewed and approved by an independent authorized individual.

Current Status: This issue appears to have been resolved.

With respect to the audit Finding Nos. 2011-02 and 2011-03 will not be included in subsequent Schedules of Prior Findings and Questioned Costs for the reason that two years have passed since the audit report in which the findings were referenced and it appears that the issues therein disclosed have been addressed.

COMMUNITY PROGRESS COUNCIL, INC.

SCHEDULE OF REVENUE, EXPENSES AND COMPARISON WITH BUDGET

YORK COUNTY HUMAN SERVICES DEPARTMENT - CASE MANAGEMENT PROGRAM CONTRACT NUMBER 061500-5200-358-975

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE			
York County Human Services Department	\$ 112,864	\$ 112,719	\$ (145)
EXPENSES			
Personnel Expenses			
Salaries	70,097	64,889	(5,208)
Fringe Benefits	20,045	16,798	(3,247)
Employee Training	450	839	389
Miscellaneous Personnel Expenses	675	16	(659)
Total Personnel Expenses	<u>91,267</u>	<u>82,542</u>	<u>(8,725)</u>
Operating Expenses			
Occupancy	10,745	9,949	(796)
Communication	3,537	2,123	(1,414)
Supplies	675	4,127	3,452
Staff Travel	675	217	(458)
Miscellaneous Operating Expenses	1,058	9,219	8,161
Indirect Costs	4,907	4,542	(365)
Total Operating Expenses	<u>21,597</u>	<u>30,177</u>	<u>8,580</u>
TOTAL EXPENSES	<u>112,864</u>	<u>112,719</u>	<u>(145)</u>
EXCESS REVENUE OVER EXPENSES	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See independent auditors' report and accompanying notes.

COMMUNITY PROGRESS COUNCIL, INC.

SCHEDULE OF REVENUE, EXPENSES AND COMPARISON WITH BUDGET

**YORK COUNTY HUMAN SERVICES DEPARTMENT -
HOMELESS ASSISTANCE PROGRAM
CONTRACT NUMBER 061500-5200-451-978**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE			
York County Human Services Department	\$ 143,449	\$ 124,789	\$ (18,660)
EXPENSES			
Personnel Expenses			
Salaries	88,273	79,745	(8,528)
Fringe Benefits	27,123	20,530	(6,593)
Employee Training	550	1,197	647
Miscellaneous Personnel Expenses	825	16	(809)
Total Personnel Expenses	<u>116,771</u>	<u>101,488</u>	<u>(15,283)</u>
Operating Expenses			
Occupancy	13,133	12,159	(974)
Communication	4,423	2,600	(1,823)
Supplies	825	1,574	749
Staff Travel	825	270	(555)
Miscellaneous Operating Expenses	1,293	1,116	(177)
Indirect Costs	6,179	5,582	(597)
Total Operating Expenses	<u>26,678</u>	<u>23,301</u>	<u>(3,377)</u>
TOTAL EXPENSES	<u>143,449</u>	<u>124,789</u>	<u>(18,660)</u>
EXCESS REVENUE OVER EXPENSES	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See independent auditors' report and accompanying notes.