

COMMUNITY ACTION PARTNERSHIP OF  
MERCER COUNTY, INC. AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

JUNE 30, 2018

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

**Black, Bashor & Porsch, LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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Alice F. Mattocks, CPA, CGMA  
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Jack F. Kuchcinski, CPA  
Norbert F. Dietrich, Jr., CPA

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**TO WHOM IT MAY CONCERN:**

The distribution of Community Action Partnership of Mercer County, Inc. and Affiliates' consolidated financial statements for the year ended June 30, 2018, consists of the following:

Community Action Partnership of Mercer County, Inc. 75 South Dock Street Sharon, Pennsylvania 16146	(10 Copies)
Federal Audit Clearinghouse 1201 East 10th Street Jeffersonville, Indiana 47132	(Electronically Filed)
Commonwealth of Pennsylvania Office of the Budget Bureau of Audits 555 Walnut Street - 8 <sup>th</sup> Floor Forum Place Harrisburg, Pennsylvania 17101	(Electronically Filed)

*Black, Bashor & Porsch, LLP*

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Sharon, Pennsylvania  
February 11, 2019

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Board of Directors  
Community Action Partnership of  
Mercer County, Inc. and Affiliates  
Sharon, Pennsylvania

We have performed the Uniform Guidance audit of Community Action Partnership of Mercer County, Inc. and Affiliates for the year ended June 30, 2018, and have enclosed the Uniform Guidance audit reporting package.

The Uniform Guidance audit was done to fulfill the requirements described in the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. It entailed: (1) an audit of the consolidated financial statements and our opinion thereon; (2) a review of compliance and on internal control over financial reporting based on an audit of the consolidated financial statements; (3) a review of compliance with requirements applicable to each major program and internal control over compliance and our opinion thereon; (4) an audit of the schedule of expenditures of federal awards and our opinion thereon.

*Black, Bashor & Porsch, LLP*

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Sharon, Pennsylvania  
February 11, 2019

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Community Action Partnership of  
Mercer County, Inc. and Affiliates  
Sharon, Pennsylvania

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying consolidated financial statements of Community Action Partnership of Mercer County, Inc. (a non-profit organization) and Affiliates, which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

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

**AUDITOR'S RESPONSIBILITY**

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

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

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

Community Action Partnership of  
Mercer County, Inc. and Affiliates

OPINION

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Community Action Partnership of Mercer County, Inc. and Affiliates, as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS - OTHER INFORMATION

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR), Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and is not a required part of the consolidated financial statements. Additional supplementary information shown in Exhibits "A" through "D", is also presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 supplementary information shown in Exhibits "A" through "D" are 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 February 11, 2019, on our consideration of Community Action Partnership of Mercer County, Inc. and Affiliates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Community Action Partnership of Mercer County, Inc. and Affiliates' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Community Action Partnership of Mercer County, Inc. and Affiliates' internal control over financial reporting and compliance.

*Black, Bashor & Porsch, LLP*

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Sharon, Pennsylvania  
February 11, 2019

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2018

A S S E T S

<u>CURRENT ASSETS:-</u>	
Cash and Cash Equivalents	\$ 594,841
<u>Accounts Receivable -</u>	
Grants and Governmental Programs	246,160
Fairfields, Inc.	3,954
Utility Contracts	14,942
Other	43,558
Supplies Inventory	2,217
Prepaid Expenses	59,177
	<hr/>
<u>TOTAL CURRENT ASSETS:-</u>	<u>\$ 964,849</u>
<u>PROPERTY AND EQUIPMENT:-</u>	
Land and Land Improvements	\$ 1,823,716
Buildings	33,641,278
Vehicles	130,460
Equipment	314,729
Furniture and Fixtures	374,445
	<hr/>
<u>LESS: Accumulated Depreciation</u>	<u>\$ 36,284,628</u> <u>(7,969,852)</u>
	<hr/>
<u>NET PROPERTY AND EQUIPMENT:-</u>	<u>\$ 28,314,776</u>
<u>OTHER ASSETS:-</u>	
Investments - Other	\$ 18,317
Investments In Marketable Securities	801,031
PHFA Monitor Fee, Net of Accumulated Amortization	2,100
	<hr/>
<u>TOTAL OTHER ASSETS:-</u>	<u>\$ 821,448</u>
<u>RESTRICTED CASH AND DEPOSITS, DEPOSITS HELD IN TRUST, AND FUNDED RESERVES:-</u>	
	<u>\$ 1,631,926</u>
	<hr/>
<u>TOTAL ASSETS:-</u>	<u>\$ 31,732,999</u>

L I A B I L I T I E S

<u>CURRENT LIABILITIES:-</u>	
Accounts Payable	\$ 127,336
Accounts Payable - Construction	247,281
Accrued Payroll Taxes and Withholding	7,911
Accrued Payroll	21,297
Accrued Annual Leave	20,373
Prepaid Rents	2,490
	<hr/>
<u>TOTAL CURRENT LIABILITIES:-</u>	<u>\$ 426,688</u>
<u>LONG-TERM LIABILITIES:-</u>	
Accrued Severance Pay	\$ 13,400
Escrow and Deposits Payable	117,279
Notes and Mortgages Payable	33,102,537
	<hr/>
<u>TOTAL LONG-TERM LIABILITIES:-</u>	<u>\$ 33,233,216</u>
	<hr/>
<u>TOTAL LIABILITIES:-</u>	<u>\$ 33,659,904</u>
<u>N E T A S S E T S ( D E F I C I T )</u>	
Temporarily Restricted	\$ 41,413
Unrestricted	(1,379,954)
Noncontrolling Interest	(588,364)
	<hr/>
<u>TOTAL NET ASSETS (DEFICIT):-</u>	<u>\$ (1,926,905)</u>
	<hr/>
<u>TOTAL LIABILITIES AND NET ASSETS:-</u>	<u>\$ 31,732,999</u>

The Accompanying Notes are an Integral Part of These Statements

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<u>SUPPORT AND REVENUES:-</u>			
Grants	\$ 45,550	\$ 6,360,257	\$ 6,405,807
Contributions	227	-	227
Service Fees	243,406	-	243,406
Administrative Fees	2,138	-	2,138
Rental Income	1,524,444	51,853	1,576,297
Investment Return	85,371	-	85,371
Other	53,477	40,425	93,902
<u>Net Assets Released from Restrictions -</u>			
Restrictions Satisfied by Time and Payments	<u>6,422,375</u>	<u>(6,422,375)</u>	<u>-</u>
 <u>TOTAL SUPPORT AND REVENUES:-</u>	 <u>\$ 8,376,988</u>	 <u>\$ 30,160</u>	 <u>\$ 8,407,148</u>
 <u>EXPENSES:-</u>			
<u>PROGRAM SERVICES -</u>			
Energy	\$ 1,108,653	\$ -	\$ 1,108,653
Employment Services	192,897	-	192,897
Early Childhood Development	4,883,001	-	4,883,001
Housing Services	1,708,002	-	1,708,002
Educational Services	31,229	-	31,229
 <u>SUBTOTAL - PROGRAM SERVICES:-</u>	 <u>\$ 7,923,782</u>	 <u>\$ -</u>	 <u>\$ 7,923,782</u>
 <u>SUPPORT SERVICE -</u>			
Management and General	\$ 512,684	\$ -	\$ 512,684
 <u>TOTAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION:-</u>	 <u>\$ 8,436,466</u>	 <u>\$ -</u>	 <u>\$ 8,436,466</u>
 <u>DEPRECIATION AND AMORTIZATION:-</u>	 <u>926,588</u>	 <u>-</u>	 <u>926,588</u>
 <u>TOTAL EXPENSES:-</u>	 <u>\$ 9,363,054</u>	 <u>\$ -</u>	 <u>\$ 9,363,054</u>
 <u>CHANGE IN NET ASSETS BEFORE ALLOCATION TO NONCONTROLLING INTEREST:-</u>	 <u>\$ (986,066)</u>	 <u>\$ 30,160</u>	 <u>\$ (955,906)</u>
 <u>LESS: Change in Net Assets Attributable to Noncontrolling Interest</u>	 <u>99,755</u>	 <u>-</u>	 <u>99,755</u>
 <u>CHANGE IN NET ASSETS ATTRIBUTABLE TO CONTROLLING INTEREST:-</u>	 <u>\$ (886,311)</u>	 <u>\$ -</u>	 <u>\$ (856,151)</u>
 <u>NET ASSETS ATTRIBUTABLE TO CONTROLLING INTEREST - BEGINNING OF YEAR:-</u>	 <u>(493,643)</u>	 <u>11,253</u>	 <u>(482,390)</u>
 <u>NET ASSETS ATTRIBUTABLE TO CONTROLLING INTEREST - END OF YEAR:-</u>	 <u>\$ (1,379,954)</u>	 <u>\$ 41,413</u>	 <u>\$ (1,338,541)</u>

The Accompanying Notes are an Integral Part of These Statements



COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	<u>ENERGY</u>	<u>EMPLOYMENT SERVICES</u>	<u>EARLY CHILDHOOD DEVELOPMENT</u>	<u>HOUSING SERVICES</u>	<u>EDUCATIONAL SERVICES</u>	<u>SUBTOTAL</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
<u>EXPENSES:-</u>								
Wages and Fringe Benefits	\$ 226,044	\$ 133,196	\$ -	\$ 379,930	\$ 23,019	\$ 762,189	\$ 234,426	\$ 996,615
Contracted Services	-	-	4,883,001	-	-	4,883,001	-	4,883,001
Program Supplies	1,387	4,289	-	410	2,221	8,307	7,754	16,061
Insurance	5,896	2,237	-	99,343	-	107,476	12,434	119,910
Office Supplies	7,533	5,335	-	67,097	1,308	81,273	10,789	92,062
Duplicating/Printing	2,690	3,205	-	144	1,382	7,421	10,941	18,362
Telephone	7,051	3,620	-	3,058	450	14,179	7,590	21,769
Travel and Conference	1,102	5,115	-	888	263	7,368	21,702	29,070
Advertising	-	-	-	18,108	-	18,108	14,763	32,871
Dues and Subscriptions	-	-	-	100	-	100	5,417	5,517
Legal and Professional	22,147	5,343	-	114,602	649	142,741	27,064	169,805
Space Costs	7,931	16,621	-	674,109	207	698,868	65,407	764,275
Vehicle Operating and Maintenance	9,612	2,550	-	4,505	-	16,667	1,130	17,797
Equipment Purchase/Lease	1,324	575	-	-	-	1,899	269	2,168
Equipment Maintenance	1,251	-	-	-	-	1,251	1,830	3,081
Building and Grounds Maintenance	-	-	-	315,883	-	315,883	-	315,883
Subcontract - Materials	481,917	-	-	-	-	481,917	-	481,917
Subcontract - Labor	331,436	2,655	-	2,136	-	336,227	-	336,227
Community Patronage/Donations	-	-	-	-	-	-	4,064	4,064
Client Assistance Program	-	8,156	-	-	1,730	9,886	23,627	33,513
Entertainment	-	-	-	-	-	-	4,991	4,991
Other	-	-	-	22,972	-	22,972	11,595	34,567
Loss on Disposal	-	-	-	4,108	-	4,108	46,399	50,507
Software Maintenance/Purchase	1,332	-	-	609	-	1,941	492	2,433
<u>TOTAL EXPENSES:-</u>	<u>\$ 1,108,653</u>	<u>\$ 192,897</u>	<u>\$ 4,883,001</u>	<u>\$ 1,708,002</u>	<u>\$ 31,229</u>	<u>\$ 7,923,782</u>	<u>\$ 512,684</u>	<u>\$ 8,436,466</u>

The Accompanying Notes are an Integral Part of These Statements

COMMUNITY ACTION PARTNERSHIP OF  
MERCER COUNTY, INC. AND AFFILIATES

PAGE 1 OF 2

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:-

Cash Received from Grants and Other Governmental Units	\$ 6,354,259
Contributions Received	227
Fee Income Received	366,674
Rental Income Received	1,593,819
Interest and Dividend Income	17,106
Other Income Received	85,509
Cash Paid for Wages and Fringe Benefits	(867,348)
Cash Paid for Operating Activities	<u>(7,662,867)</u>

NET CASH USED IN OPERATING ACTIVITIES:- \$ (112,621)

CASH FLOWS FROM INVESTING ACTIVITIES:-

Proceeds from Sale of Investments	\$ 67,128
Purchases of Investments	(81,770)
Deposits to Tax and Insurance Escrows	(264,315)
Deposits to Reserve for Replacement	(136,624)
Withdrawals from Tax and Insurance Escrows	229,020
Withdrawals from Reserve for Replacement	117,457
Proceeds from Sale of Property and Equipment	15,612
Purchase of Property and Equipment	<u>(102,775)</u>

NET CASH USED IN INVESTING ACTIVITIES:- \$ (156,267)

NET DECREASE IN CASH AND CASH EQUIVALENTS:- \$ (268,888)

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR:- 863,729

CASH AND CASH EQUIVALENTS - END OF YEAR:- \$ 594,841

The Accompanying Notes are an Integral Part of These Statements

COMMUNITY ACTION PARTNERSHIP OF  
MERCER COUNTY, INC. AND AFFILIATES

PAGE 2 OF 2

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2018

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED IN

OPERATING ACTIVITIES:-

Change in Net Assets	\$ (955,906)
<u>Adjustments to Reconcile Change in Net Assets to Net Cash</u>	
<u>Used In Operating Activities -</u>	
Depreciation and Amortization	926,588
Gain on Minimum Capital Investment	(10,901)
Loss on Disposal	50,507
Unrealized and Realized Gain on Investments	(68,265)
<u>Changes in Operating Assets and Liabilities -</u>	
Increase in Accounts Receivable	(31,240)
Increase in Prepaid Expenses	(11,057)
Increase in Inventory	(253)
Decrease in Accounts Payable	(23,283)
Increase in Accrued Payroll and Payroll Taxes	1,728
Increase in Escrow and Deposits Payable	639
Increase in Accrued Annual Leave and Severance Pay	9,841
Decrease in Prepaid Rent	<u>(1,019)</u>
 <u>NET CASH USED IN OPERATING ACTIVITIES:-</u>	 <u>\$ (112,621)</u>

The Accompanying Notes are an Integral Part of These Statements

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018

1. NATURE OF ORGANIZATION AND OPERATIONS

The Community Action Partnership of Mercer County, Inc. (Organization) is organized as a not-for-profit corporation under the laws of the Commonwealth of Pennsylvania. The Organization's mission is to "help people help themselves", by offering programs for residential weatherization, energy conservation and education, housing and housing services, case management, as well as other programs.

In accordance with the requirements of a grant from the U.S. Department of Housing and Urban Development (HUD), the Organization established Independence Park, Inc. Independence Park, Inc. is a not-for-profit corporation organized under the laws of the Commonwealth of Pennsylvania, the primary purpose of which is to provide housing to qualified mentally disabled individuals under federally subsidized programs established by HUD. The property is operating under the provisions of Section 811 of the National Affordable Housing Act. The Sponsor for the project is the Organization.

In accordance with the requirements of grants from HUD, the Organization established eight (8) not-for-profit corporations all organized under the laws of the Commonwealth of Pennsylvania, the primary purpose of which is to provide housing to qualified elderly individuals under federally subsidized programs established by HUD. The properties operate under the provisions of Section 202 of the National Affordable Housing Act. The sponsor of all projects is the Organization.

The Organization is the general partner and property manager of Farrell Housing Limited Partnership, a 36-unit elderly low-income housing apartment complex located in Farrell, Pennsylvania.

DESCRIPTION OF PROGRAMS

ENERGY

- The Energy Weatherization Program is designed to reduce the usage of energy consumption in the home through the installation of energy conservation measures such as attic and sidewall insulation in Mercer and Butler counties.
- The Organization contracts with utility companies to provide energy education and conservation measures aimed at reducing their customers' utility bills.
- The Neighbor for Neighbor Heat Fund is a voluntary program designed to provide assistance to qualifying individuals who require help to prevent disconnection of a utility service, to pay overdue bills for any energy source, to purchase any type of heating fuel or to repair or replace heating equipment.
- The Dollar Energy Fund provides assistance and aid to families and individuals experiencing difficulty with their utility service.

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018

- Heating/Water Heating Repair or Replacement Program can repair or replace faulty, hazardous or non-working primary heating and or water heating equipment for National Fuel Gas customers who have an active account using natural gas as the primary heat source.

COMMUNITY SERVICES BLOCK GRANT (C.S.B.G.) ADMINISTRATION

C.S.B.G. provides executive guidance, management oversight, and fiscal services for every program and service offered by the Organization. This includes nine (9) of the affiliates. A portion of these funds this year were also used to provide housing counseling services, Pennsylvania Consumer Assistance Programs, along with Client Assistance to Veterans' Families.

EMPLOYMENT

The Work Ready Program's primary goal is to help participants transition to an Employment and Training Program and to secure and retain employment by providing services that will help the client stabilize barriers that may hinder them from achieving self-sufficiency.

EARLY CHILDHOOD DEVELOPMENT

The Organization's Early Childhood Development Programs are delegated to the Farrell Area School District to Administer. Through the Head Start Program, the Farrell Area School District provides comprehensive early child development for disadvantaged pre-school children and their families. The Early Head Start Program provides comprehensive early child development for disadvantaged pre-school children, infant through age three, and their families. The Pre-K Counts Program provides quality half-percent of the poverty day and full-day pre-school to children age 3 and up until the entry age for Kindergarten. The Head Start Supplemental and Pre-K Counts Programs are funded by the Commonwealth of Pennsylvania's Department of Education.

HOUSING SERVICES

- Housing counseling services are provided under contract with the Mon Valley Initiative and the Pennsylvania Housing Finance Agency. CAPMC is a certified HUD Housing Counseling agency.
- Senior Housing is provided to income qualified seniors age 62 and older at nine locations consisting of approximately 250 units that are owned and/or managed by the Organization.
- Special Needs Housing is provided at 10 locations consisting of 32 units that are owned and managed by the Organization.
- Single Family Rental Housing provides decent, safe and affordable housing for nine families. Housing Counseling Services are provided to families who wish to purchase the home they are renting.
- Permanent supportive housing for persons with disabilities - U.S. Department of Housing and Urban Development (HUD). The Organization uses these funds to provide permanent housing with support services for mentally and permanently disabled individuals.

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018

HOUSING CRISIS VETERAN'S PROGRAMS

Supportive Services for Veteran Families is a partnership of providers in a six-county area offering a new program for Veterans who are experiencing a housing crisis. This is made possible with funding received from the federal government and under contract with the Lawrence County Community Action Partnership. Under this program, CAPMC aims to improve very low-income Veteran families' housing stability in Mercer County. CAPMC will provide eligible Veterans and their families with outreach, case management, and assistance in obtaining VA and other benefits.

INCOME TAXES

The Organization and its Affiliates, except for Farrell Housing Limited Partnership, are non-profit organizations operating under Section 501(c)(3) of the Internal Revenue Code, are generally exempt from federal, state, and local income taxes and, accordingly, no provision for income taxes is included in the consolidated financial statements.

The Farrell Housing Limited Partnership (Partnership) is not subject to income taxes as a separate entity. Taxes on income or loss of the Partnership are determined by the individual circumstances of each partner and based on the individual income tax returns of the partners. Consequently, partnership income or loss is presented without a provision for taxes. Income or loss of the Partnership is allocated one (1) percent to the general partner, and 99 percent to the limited partners.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of the Community Action Partnership of Mercer County, Inc. and its affiliates, Independence Park, Inc., Garden Way Housing, Inc., Hempfield Apartments, Inc., North East Manor, Inc., Westfield Towers, Inc., The Hempfield Apartments South, Inc., Tushim Manor, Inc., Alameda Gardens, Inc., Farrell Housing Limited Partnership, and Primrose Apartments, Inc. All material intercompany accounts and transactions have been eliminated.

FINANCIAL STATEMENT PRESENTATION

The Organization has adopted FASB ASC 958-205 Financial Statements of Not-for-Profit Organizations. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three (3) classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Temporarily restricted net assets generally represent the unexpended balances of grants. As of June 30, 2018, the Organization only has temporarily restricted and unrestricted net assets.

The Organization has also adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605 Accounting for Contributions Received and Contributions Made. In accordance with FASB ASC 958-605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

BASIS OF ACCOUNTING

The accrual basis of accounting is used by the Organization and its Affiliates. Revenues are recognized in the accounting period in which they are earned. Expenses are recorded in the accounting period in which they are incurred.

CASH AND CASH EQUIVALENTS

For purposes of the consolidated statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three (3) months or less to be cash equivalents.

The Federal Deposit Insurance Corporation (FDIC) insures all deposit accounts, including checking and savings accounts, money market deposit accounts, and certificates of deposit. The standard insurance amount is \$ 250,000 per depositor, per insured bank, per ownership category. In the normal course of business, the Organization may have deposits in excess of federal insured coverage. As of June 30, 2018, the Organization had no amounts in excess of FDIC insured limits.

Deposits of the Organization in excess of FDIC insured limits are collateralized as public fund deposits by securities pledged to pooled public funds accounts as required by law under the Deposits of Public Monies Act No. 72 of the 1971 Pennsylvania Session. This significantly minimizes the concentration of credit risk.

Accounts receivable represent amounts due under contracts and grants for which services have been provided and cost incurred but for which the Organization has not been reimbursed at June 30, 2018. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectable amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Approximately 75 percent of the Organization's funding is provided from various grants from two (2) sources, the U.S. Department of Health and Human Services and the state of Pennsylvania Department of Community and Economic Development. Amounts due from these two (2) funding sources represent approximately 95 percent of accounts receivable from grants and governmental programs at June 30, 2018.

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018

PROPERTY AND EQUIPMENT

Property and equipment are carried at cost. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets. Repairs and replacements of a routine nature are expenses, while those which improve or extend the life of existing assets are capitalized. Adjustments of the cost of assets and the related accumulated depreciation accounts are made for property retirements and disposals, with the resulting gain or loss included in the consolidated statement of activities in the year of disposal.

Depreciation is provided by the straight-line method over the estimated useful lives of the assets. The estimated useful lives of the various classes of property and equipment are as follows:

Land Improvements	15 Years
Buildings	5 - 40 Years
Vehicles	5 Years
Equipment	3 - 15 Years
Furniture and Fixtures	3 - 15 Years

Depreciation expense for the year ended June 30, 2018, amounted to \$ 929,268.

INVESTMENTS IN MARKETABLE SECURITIES

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains or losses are included in the change in net assets. Investment income and gains are reported as increases in unrestricted net assets in the reporting period in which the income and gains are recognized. See Notes "5" and "6" for a discussion of investments in marketable securities and fair value measurements, respectively.

Certificates of deposit held for investment that are not considered debt securities are included in investment - other, on the accompanying statements of financial position. Certificates of deposit with original maturities greater than three (3) months and remaining maturities less than one (1) year are presented as short-term investments - other. Certificates of deposit with remaining maturities greater than one (1) year are classified as long-term investments - other.

ADVERTISING COSTS

Advertising costs are expensed as they are incurred and amounted to \$ 32,871 for the year ended June 30, 2018.

ALLOCATED EXPENSES

Expenses by function have been allocated among program and supporting services classifications on the basis of time records and on estimates made by the Organization's management.

DISTRIBUTIONS

The regulatory agreements with HUD stipulate, among other things, that the Affiliates are not permitted to make distributions of asset or income to any of its officers or directors.



COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018

ESTIMATES

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NEW ACCOUNTING PRONOUNCEMENTS

In August 2016, FASB issued Accounting Standards Update (ASU) 2016-14 Presentation of Financial Statements of Not-for-Profit Entities, which makes improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. Specifically, the ASU makes improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance, and cash flows. The new standard is effective for fiscal years beginning after December 15, 2017. The Organization is currently evaluating the effect that implementation of the new standard will have on its financial position, activities, and cash flows.

3. ACCOUNTS RECEIVABLE - GRANTS AND GOVERNMENT PROGRAMS

Accounts Receivable - Grants and Government Programs consist of the following at June 30, 2018:

Work Ready Program	\$ 58,511
Supported Housing for the Mentally Ill	3,701
C.S.B.G.	65,867
Mon Valley Initiative Housing Counseling	6,284
Head Start	11,387
L.I.H.E.A.P.	54,447
Department of Energy	43,019
HUD - Primrose Apartments, Inc.	458
BHC Housing	<u>2,486</u>
<u>TOTAL:-</u>	<u>\$ 246,160</u>

4. CERTIFICATES OF DEPOSIT

The Organization and its Affiliates hold the following certificates of deposit at June 30, 2018:

CERTIFICATE OF DEPOSIT:-

COMMUNITY ACTION PARTNERSHIP OF MERCER

COUNTY, INC. -

18-Month Bank Certificate of Deposit at

.10 Percent Interest

\$ 18,317

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018

MINIMUM CAPITAL INVESTMENT ESCROWS:-

ALAMEDA GARDENS, INC. -

36-Month Bank Certificate of Deposit at  
.85 Percent Interest; Maturing July 11, 2018 \$ 10,335

PRIMROSE APARTMENTS, INC. -

36-Month Bank Certificate of Deposit at  
.75 Percent Interest; Maturing October 10,  
2019 10,264

TOTAL MINIMUM CAPITAL INVESTMENT ESCROWS:- \$ 20,599

The minimum capital investment escrow is included within restricted cash and deposits, deposits held in trust, and funded reserves on the accompanying consolidated statement of financial position at June 30, 2018.

5. INVESTMENTS IN MARKETABLE SECURITIES

Investments in marketable securities consists of the following at June 30, 2018:

The Vanguard Group -

Mid-Cap Index Fund \$ 137,476  
Total Bond Market Index Fund 77,003  
Total International Stock Index Admiral Fund 90,835  
Total Stock Market Index Admiral Fund 345,727  
Small-Cap Index Admiral Fund 149,990

TOTAL MUTUAL FUNDS:- \$ 801,031

Investment return is composed of the following for the year ended June 30, 2018:

Interest and Dividends \$ 17,106  
Realized and Unrealized Gains 68,265

TOTAL:- \$ 85,371

6. FAIR VALUE MEASUREMENTS

The Organization has adopted the provisions of FASB ASC 820-10, Fair Value Measurements. Under FASB ASC 820-10, the Organization is required to disclose the basis for valuing its assets and liabilities measured at fair value by level. Level 1 uses quoted prices in active markets for identical assets; Level 2 uses significant other observable inputs; and Level 3 uses significant unobservable inputs.

The fair value measurement level is based on the lowest level of any input that is significant to the fair value measurement.

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018

The following table presents the fair value measurement of assets and liabilities recognized in the accompanying consolidated statement of financial position measured at fair value on a recurring basis and the level within the FASB ASC 820-10 fair value hierarchy in which the fair value measurements fall at June 30, 2018:

	FAIR VALUE MEASUREMENT LEVEL		
	LEVEL 1	LEVEL 2	LEVEL 3
<u>MUTUAL FUNDS:-</u>	<u>\$ 801,031</u>	<u>\$ -</u>	<u>\$ -</u>

Methods and assumptions used by the Organization in estimating fair values are as follows:

Mutual Funds - Valued at quoted market prices which represent the net asset value (NAV) of shares held by the Organization at year end.

7. RESTRICTED DEPOSITS AND FUNDED RESERVES

Under a regulatory agreement and other HUD directives, the HUD properties are required to establish reserves for certain specified purposes, in separate accounts. These funds generally are not available for operating purposes.

- Tenant security deposits are collected as security for outstanding future charges upon termination of a tenant lease. These amounts, less deductions, if any, are returned to tenants upon termination of leases.
- Tax and insurance escrow is a restricted deposit required of the HUD properties to ensure available funds for insurance on the property, as well as to make required property tax payments.
- Reserve for replacements is a restricted deposit required of the HUD properties to ensure available funds for major repairs or replacements.

Restricted cash deposits, deposits held in trust, and funded reserves consist of the following at June 30, 2018:

Reserve for Replacement	\$ 1,307,295
Tax and Insurance Escrow	173,154
Tenant Security Deposits	<u>130,878</u>
<u>TOTAL:-</u>	<u>\$ 1,611,327</u>

The Organization, as sponsor of two (2) HUD properties, was required under HUD regulations to establish a minimum capital investment escrow account in the amount of \$ 10,000. If the project goes to final HUD closing within six (6) months of the construction completion date, the funds will be released by HUD to the operating account of the project. The values of these accounts as of June 30, 2018, are detailed in Note "4".

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018

8. COMPENSATED ABSENCES

The Organization has adopted a policy of allowing employees to carry over from year-to-year earned but unused annual leave and which is paid to the employee at a rate of 100 percent of the accumulated amount upon termination. The maximum number of hours that may be carried over is seventy (70) hours for vacation. U.S. GAAP requires the accrual of compensated absences if the obligation is attributable to employees' services already rendered, the rights vest or accumulate, payment is probable, and the amount can be determined. The accrued annual leave as of June 30, 2018, of \$ 20,373 meets these criteria and has been recorded as a liability in the accompanying consolidated statement of financial position.

The Organization has also adopted a severance pay program for employees. The program provides for a payment at termination of \$ 100 per year of service. Eligibility begins after five (5) years of service with the Organization, and employees are given credit for service from their date of hire. The accumulated balance of severance pay as of June 30, 2018, of \$ 13,400 also meets the above criteria and has been recorded as a liability in the accompanying consolidated statement of financial position.

Organization employees are also entitled to other compensated absences depending on length of service and other factors. These other absences do not accumulate for payoff at separation (termination, retirement, etc.) and, accordingly, no liability has been recorded in the accompanying consolidated financial statements. The Organization's policy is to recognize the costs of these compensated absences when actually paid to employees.

9. LINE-OF-CREDIT

The Organization has an operating line-of-credit with a local bank. The credit limit is \$ 150,000, bearing interest at 5.0 percent. There was no outstanding balance at June 30, 2018, and no interest expense was paid during the year ended June 30, 2018.

10. NOTES AND MORTGAGES PAYABLE

INDEPENDENCE PARK, INC.

The Organization's primary source of funding for construction of the apartment complex is a Section 811 capital advance from HUD. The total amount of the capital advance is \$ 714,700. No interest or repayment of the advance is required as long as the Organization operates the apartment complex for very low-income persons with disabilities as approved by HUD for not less than 40 years. The mortgage note matures February 1, 2044. Failure to keep the housing available for very low-income persons with disabilities would result in HUD billing the Organization for the entire capital advance outstanding plus interest at 5.375 percent since the date of the first advance. It is the intention of the Organization to operate the apartment complex for the benefit of very low-income persons with disabilities.

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018

Independence Park, Inc. and HUD have entered into a Capital Advance Agreement, as well as a Security Agreement, and a mortgage note in the amount of \$ 714,700 has been executed to serve as collateral for the advance. A mortgage payable in the amount of \$ 714,700 representing funds used for the project has been recognized in the consolidated statement of financial position at June 30, 2018.

In addition, the Organization received a \$ 45,300 Federal Home Loan Bank Note, for which interest accrues on the outstanding principal balance at an annual rate of one (1) percent. Repayment is not required during the next 15 years, as long as the housing remains available for very low-income persons, as set forth in Affordable Housing Program (AHP) guidelines. As long as the Organization adheres to AHP guidelines, annual interest and 1/15th of the principal is forgiven at the end of each year, beginning in September 2004. This note has a subordinated second mortgage on the project rental properties. The proceeds of this note were restricted for use in the construction and site preparation costs of the project. It is the intention of the Organization to operate the apartment complex within the AHP guidelines discussed above. Consequently, no interest accrual at June 30, 2018, has been recorded in the consolidated financial statements. During the fiscal year 2018, this note was reduced by \$ 3,020 (1/15th of the principal discussed above) to a balance of \$ 3,020 at June 30, 2018.

SECTION 202 CAPITAL ADVANCE FINANCING

The primary source of funding for the apartment complexes are Section 202 Capital Advances from HUD.

No interest or repayment of the advances are required as long as the Organization operates the apartment complexes from very-low income elderly persons for not less than 40 years. Failure to keep the housing available for elderly persons would result in HUD billing the Organization for the entire capital advance outstanding plus interest since the date of the first advance. It is the intention of the Organization to operate the apartment complexes for the benefit of very-low income elderly persons.

As discussed above, each Affiliate and HUD have entered into separate capital advance agreements, as well as security agreements, and mortgage notes totalling \$ 31,227,100, which have been executed to serve as collateral for the advances. Mortgages payable in the amount of \$ 31,227,100 representing funds used for the projects have been included in the consolidated statement of financial position at June 30, 2018.

FARRELL HOUSING LIMITED PARTNERSHIP

The original first mortgage of \$ 854,592 is payable to the Pennsylvania Housing Finance Agency (PHFA) and is noninterest-bearing during the 30-year term to April 1, 2026. Principal payments are deferred or made by Farrell Housing Limited Partnership from "excess revenue", if any, as determined by the PHFA in accordance with the provisions of the PHFA Regulatory Agreement. The mortgage is collateralized by the land and building.

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018

A second mortgage payable of \$ 344,000 is payable to the Redevelopment Authority of the City of Farrell and is noninterest-bearing. Principal payments are deferred until January 31, 2013, when annual installments are due on March 21 to the extent that net operating revenues for the preceding year exceed net operating expenses plus debt service paid the preceding year. All unpaid principal is due and payable as a balloon payment on November 27, 2025. The mortgage is collateralized by the land and building, subordinate to the PHFA first mortgage.

During the year ended June 30, 2018, no principal payments were made on the loan from "excess revenue", as required by PHFA. Repayments are determined solely by PHFA with no specified criteria.

During 2004, PHFA offered, and the Farrell Housing Limited Partnership accepted, an amendment to the PHFA note. The amendment provides for a 50 percent split of the excess revenue between PHFA and Farrell Housing Limited Partnership.

Notes and mortgage payable as of June 30, 2018, consisted of the following:

	<u>CURRENT</u>	<u>LONG-TERM</u>	<u>TOTAL</u>
<u>Independence Park, Inc. -</u>			
HUD Mortgage Payable (Section 811 Capital Advance Financing)	\$ -	\$ 714,700	\$ 714,700
Federal Home Loan Bank Note	<u>3,020</u>	<u>-</u>	<u>3,020</u>
<u>SUBTOTAL:-</u>	<u>\$ 3,020</u>	<u>\$ 714,700</u>	<u>\$ 717,720</u>
<u>Garden Way Housing, Inc. -</u>			
HUD Mortgage Payable (Section 202 Capital Advance Financing)	\$ -	\$ 3,288,400	\$ 3,288,400
<u>Hempfield Apartments, Inc. -</u>			
HUD Mortgage Payable (Section 202 Capital Advance Financing)	-	2,942,800	2,942,800
<u>North East Manor, Inc.</u>			
HUD Mortgage Payable (Section 202 Capital Advance Financing)	-	4,096,800	4,096,800
<u>Westfield Towers, Inc. -</u>			
HUD Mortgage Payable (Section 202 Capital Advance Financing)	-	5,661,900	5,661,900
<u>The Hempfield Apartments South, Inc. -</u>			
HUD Mortgage Payable (Section 202 Capital Advance Financing)	-	3,913,300	3,913,300
<u>Tushim Manor, Inc. -</u>			
HUD Mortgage Payable (Section 202 Capital Advance Financing)	-	2,276,900	2,276,900
<u>Alameda Gardens, Inc. -</u>			
HUD Mortgage Payable (Section 202 Capital Advance Financing)	-	3,479,600	3,479,600

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018

	<u>CURRENT</u>	<u>LONG-TERM</u>	<u>TOTAL</u>
<u>Primrose Apartments, Inc. -</u>			
HUD Mortgage Payable (Section 202 Capital Advance Financing)	-	5,567,400	5,567,400
<u>SUBTOTAL:-</u>	<u>\$ -</u>	<u>\$ 31,227,100</u>	<u>\$ 31,227,100</u>
<u>Farrell Housing Limited Partnership -</u>			
Loan Origination Fee	\$ -	(\$ 875)	(\$ 875)
PHFA Mortgage Payable	-	814,592	814,592
Redevelopment Authority Mortgage Payable	-	344,000	344,000
<u>SUBTOTAL:-</u>	<u>\$ -</u>	<u>\$ 1,157,717</u>	<u>\$ 1,157,717</u>
<u>TOTAL NOTES AND MORTGAGES</u>			
<u>PAYABLE:-</u>	<u>\$ 3,020</u>	<u>\$ 33,099,517</u>	<u>\$ 33,102,537</u>

11. LEASES

RENTAL INCOME

The Organization has purchased various homes and built apartment complexes which it leases to MH/ID clients and elderly/low-income tenants. The terms of the lease agreements provide for varying monthly lease payments, depending on monthly income. The lease agreements are for a period of one (1) year and automatically renew until either party terminates the agreement.

Rental income for the year ended June 30, 2018 consisted of the following:

Community Action Partnership of Mercer County, Inc.	\$ 67,120
Independence Park, Inc.	76,786
Garden Way Housing, Inc.	189,768
Hempfield Apartments, Inc.	131,100
North East Manor, Inc.	142,309
Westfield Towers, Inc.	217,609
The Hempfield Apartments South, Inc.	136,023
Tushim Manor, Inc.	124,144
Alameda Gardens, Inc.	135,903
Farrell Housing Limited Partnership	154,785
Primrose Apartments, Inc.	200,750
<u>TOTAL:-</u>	<u>\$ 1,576,297</u>

RENTAL EXPENSE

The Organization leases office space for employment, housing counseling, Veterans' Administration programs, and utility customer assistance programs on a month-to-month basis at \$ 1,233 per month.

Rent expense for the year ended June 30, 2018 totalled \$ 14,800.

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018

The Organization leases various equipment for use in its programs under various operating leases with terms of up to five (5) years. Lease expense for the equipment amounted to \$ 4,796 for the year ended June 30, 2018. Future minimum lease payments are as follows:

<u>YEAR ENDING JUNE 30</u>	
2019	\$ 2,152
2020	1,524
2021	<u>936</u>
<u>TOTAL:-</u>	<u>\$ 4,612</u>

12. RENTAL RATES

Under the regulatory agreements, HUD and PHFA must approve all rents and the project may not later increase rents charged to tenants without HUD or PHFA approval. During the year ended June 30, 2018, rental rates charged were:

	<u>RATE PER UNIT</u> <u>PER MONTH</u>
Independence Park, Inc.	\$ 681
Garden Way Housing, Inc.	445
Hempfield Apartments, Inc.	475
North East Manor, Inc.	450
Westfield Towers, Inc.	462
The Hempfield Apartments South, Inc.	470
Tushim Manor, Inc.	475
Alameda Gardens, Inc.	465
Farrell Housing Limited Partnership (PHFA)	400
Primrose Apartments, Inc.	434

13. RETIREMENT PLAN

The Organization offers a 403(b) retirement plan for eligible employees. Employees are eligible to participate in the plan, if they have completed their introductory period, work at least 20 hours per week, and contribute at least \$ 200 per year to the plan. After an employee completes one (1) year of service, the Organization will make matching employer contributions up to 6 percent of the employee's pay. Total retirement expense for the year ended June 30, 2018, amounted to \$ 17,300.

14. FARRELL HOUSING LIMITED PARTNERSHIP

The Organization built and manages a 36-unit apartment complex to provide housing for low-income elderly individuals. The total cost of the project was approximately \$ 2.5 million with funding provided by loans of \$ 854,592 through the Pennsylvania Housing Finance Agency, and \$ 344,000 through the



COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018

City of Farrell Redevelopment Authority. The balance of funding of \$ 1.2 million was provided through the buy-ins of two (2) local banks. The Organization has not made any monetary contributions to the project. Under the arrangement, the Farrell Housing Limited Partnership (Partnership) was formed with the Organization being the general partner with a one (1) percent share, and the banks being limited partners each having a 49.5 percent share.

The Organization is the general partner and exercises control over the Partnership. Based upon this, the financial statements of the Partnership are consolidated with the Organization in accordance with U.S. GAAP. Management fees of \$ 13,398 were charged and eliminated during consolidation for the year ended June 30, 2018.

15. GRANT PROGRAMS

The Organization participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audit scopes of these program compliance audits are much different than the scope of financial and compliance audits performed by an outside, independent certified public accounting firm. The Organization is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

The Organization is substantially dependent on grant funding for its operations. Reduction or elimination of future grant funding could jeopardize the continued operation of the Organization.

CURRENT VULNERABILITIES DUE TO CERTAIN CONCENTRATIONS

The operations of all properties are concentrated in the multi-family real estate market and they operate in a heavily regulated environment. The operations of the properties are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden to comply with a change.

16. SUBSEQUENT EVENTS

In accordance with FASB ASC 855-10 Subsequent Events, the Organization has evaluated subsequent events through February 11, 2019, the date which the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements or notes.

**Black, Bashor & Porsch, LLP**  
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**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  
Mercer County, Inc. and Affiliates  
Sharon, 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 consolidated financial statements of Community Action Partnership of Mercer County, Inc. (a non-profit organization) and Affiliates, which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated February 11, 2019.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the consolidated financial statements, we considered Community Action Partnership of Mercer County, Inc. and Affiliates' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Action Partnership of Mercer County, Inc. and Affiliates' internal control. Accordingly, we do not express an opinion on the effectiveness of Community Action Partnership of Mercer County, Inc. and Affiliates' 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 statement 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 Mercer County, Inc. and Affiliates' consolidated 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 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 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.

*Black, Bashor & Porsch, LLP*

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Sharon, Pennsylvania  
February 11, 2019

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**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  
Mercer County, Inc. and Affiliates  
Sharon, Pennsylvania

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

We have audited Community Action Partnership of Mercer County, Inc.'s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Community Action Partnership of Mercer County, Inc.'s major federal programs for the year ended June 30, 2018. Community Action Partnership of Mercer 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.

Community Action Partnership of Mercer County, Inc. and Affiliates' consolidated financial statements include the operations of Garden Way Housing, Inc., The Hempfield Apartments South, Inc., Hempfield Apartments, Inc., Independence Park, Inc., North East Manor, Inc., Westfield Towers, Inc., Primrose Apartments, Inc., Alameda Gardens, Inc., and Tushim Manor, Inc. (Affiliates), which expended \$ 32,353,640 in federal awards are not included in Community Action Partnership of Mercer County, Inc.'s schedule of expenditures of federal awards during the year ended June 30, 2018. Our audit, described below, did not include the operations of the Affiliates because each Affiliate engaged an auditor to perform a separate audit of compliance.

**MANAGEMENT'S RESPONSIBILITY**

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

**AUDITOR'S RESPONSIBILITY**

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

Community Action Partnership of  
Mercer County, Inc. and Affiliates

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 Community Action Partnership of Mercer County, Inc. and Affiliates' compliance.

OPINION ON EACH MAJOR FEDERAL PROGRAM

In our opinion, Community Action Partnership of Mercer County, Inc. and Affiliates complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of Community Action Partnership of Mercer County, Inc. and Affiliates 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 Community Action Partnership of Mercer County, Inc. and Affiliates' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community Action Partnership of Mercer County, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or 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 were not identified.

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



Sharon, Pennsylvania  
February 11, 2019

*Black, Bashor & Porsch, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2018

A. SUMMARY OF AUDIT RESULTS

CONSOLIDATED FINANCIAL STATEMENTS:-

1. The auditor's report expresses an unmodified opinion on the consolidated financial statements of Community Action Partnership of Mercer County, Inc. and Affiliates.
2. No significant deficiencies or material weaknesses were disclosed during the audit of the consolidated financial statements.
3. No instances of noncompliance material to the consolidated financial statements were disclosed during the audit.

FEDERAL AWARDS:-

1. No significant deficiencies or material weaknesses were disclosed during the audit of the major federal award programs.
2. The auditor's report on compliance for the major federal award programs expresses an unmodified opinion.
3. Audit findings relative to the major federal award programs that are required to be reported in accordance with 2 CFR 200.516(a) are reported in Part C of this Schedule.
4. The programs tested as major programs include:

<u>NAME</u>	<u>FEDERAL CFDA NO.</u>
Low Income Home Energy Assistance Program Administration for Children and Families-Head Start	93.568  93.600

B. FINDINGS - CONSOLIDATED FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2018

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR PROGRAM OR CLUSTER TITLE</u>	<u>CFDA NO.</u>	<u>PASS THROUGH ENTITY IDENTIFYING NO.</u>	<u>PASS THROUGH TO SUB-RECIPIENTS</u>	<u>RELATED EXPENDITURES</u>
<u>U.S. DEPARTMENT OF AGRICULTURE:-</u>				
<u>Passed Through Pennsylvania</u>				
<u>Department of Education -</u>				
Child and Adult Care Food Program	10.558	300 43 112 0	\$ 280,708	\$ 280,708
<u>Passed Through Pennsylvania</u>				
<u>Department of Human Services -</u>				
<u>SNAP Cluster -</u>				
State Administrative Matching Grants for Supplemental Nutrition Assistance Program 16-17	10.561	4100064756	\$ -	\$ 17,731
State Administrative Matching Grants for Supplemental Nutrition Assistance Program 17-18	10.561	4100064756	-	60,980
<u>SUBTOTAL CFDA 10.561:-</u>			\$ -	\$ 78,711
<u>TOTAL U.S. DEPARTMENT OF AGRICULTURE:-</u>			\$ 280,708	\$ 359,419
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:-</u>				
<u>Passed Through Mon Valley</u>				
<u>Initiative -</u>				
Housing Counseling Assistance Program	14.169	FR-6000-N-33	\$ -	\$ 18,938
Supportive Housing Program 16-17	14.267	PA0317L3E021407	\$ -	\$ 18,780
Supportive Housing Program 17-18	14.267	PA0317L3E011508	-	25,950
<u>SUBTOTAL CFDA 14.267:-</u>			\$ -	\$ 44,730
<u>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:-</u>			\$ -	\$ 63,668
<u>DEPARTMENT OF VETERANS AFFAIRS:-</u>				
<u>VA Health Administration Center -</u>				
<u>Passed Through Lawrence County</u>				
<u>Social Services, Inc. -</u>				
VA Supportive Services for Veteran Families Program 16-17	64.033	14-PA-277	\$ -	\$ 11,900
VA Supportive Services for Veteran Families Program 17-18	64.033	14-PA-277	-	28,475
<u>TOTAL DEPARTMENT OF VETERANS AFFAIRS:-</u>			\$ -	\$ 40,375

The Accompanying Notes to the Schedule of Expenditures of Federal Awards are an Integral Part of This Schedule.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2018

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR PROGRAM OR CLUSTER TITLE</u>	<u>CFDA NO.</u>	<u>PASS THROUGH ENTITY IDENTIFYING NO.</u>	<u>PASS THROUGH TO SUB-RECIPIENTS</u>	<u>RELATED EXPENDITURES</u>
<u>U.S. DEPARTMENT OF ENERGY:-</u>				
<u>Passed Through Pennsylvania</u>				
<u>Department of Community and</u>				
<u>Economic Development -</u>				
<u>Weatherization Assistance</u>				
For Low Income Persons 17-18	81.042	C000055885	\$ -	\$ 266,925
<u>TOTAL U.S. DEPARTMENT OF ENERGY:-</u>			\$ -	\$ 266,925
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:-</u>				
<u>Passed Through Pennsylvania</u>				
<u>Department of Human Services -</u>				
<u>TANF Cluster -</u>				
Work Ready Program 16-17	93.558	4100064756	\$ -	\$ 30,636
Work Ready Program 17-18	93.558	4100064756	-	108,665
<u>SUBTOTAL CFDA 93.558:-</u>			\$ -	\$ 139,301
<u>Passed Through Pennsylvania</u>				
<u>Department of Community and</u>				
<u>Economic Development -</u>				
<u>Low Income Home Energy</u>				
Assistance Program 16-17	93.568	C000061668	\$ -	\$ 89,972
Low Income Home Energy	93.568	C000061668	-	540,518
Assistance Program 17-18	93.568	C000061668	-	540,518
<u>SUBTOTAL CFDA 93.568:-</u>			\$ -	\$ 630,490
<u>COMMUNITY SERVICES BLOCK GRANT -</u>				
<u>477 CLUSTER:-</u>				
<u>Passed Through Pennsylvania</u>				
<u>Department of Community and</u>				
<u>Economic Development -</u>				
<u>Community Services Block</u>				
Grant - 2017	93.569	C000057037	\$ -	\$ 147,029
Community Services Block	93.569	C000057037	-	126,194
Grant - 2018	93.569	C000057037	-	126,194
<u>SUBTOTAL CFDA 93.569:-</u>			\$ -	\$ 273,223
Administration for Children and	93.600	03CH3392-04-00	\$ 3,113,661	\$ 3,113,661
Families - Head Start	93.600	03CH3392-04-00	\$ 3,113,661	\$ 3,113,661
<u>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:-</u>			\$ 3,113,661	\$ 4,156,675
<u>TOTAL FEDERAL ASSISTANCE:-</u>			\$ 3,394,369	\$ 4,887,062

The Accompanying Notes to the Schedule of Expenditures of Federal Awards are an Integral Part of This Schedule.



COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2018

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal awards activity of Community Action Partnership of Mercer County, Inc. and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Community Action Partnership of Mercer County, Inc., it is not intended to and does not present the basic financial statements of Community Action Partnership of Mercer County, Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the OMB Circular A-122, Cost Principles for Non-Profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Community Action Partnership of Mercer County, Inc. has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

EXHIBIT "A"  
PAGE 1 OF 2

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2018

	<u>COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC.</u>	<u>INDEPENDENCE PARK, INC.</u>	<u>GARDEN WAY HOUSING, INC.</u>	<u>HEMPFIELD APARTMENTS, INC.</u>	<u>NORTH EAST MANOR, INC.</u>	<u>WESTFIELD TOWERS, INC.</u>	<u>THE HEMPFIELD APARTMENTS SOUTH, INC.</u>	<u>TUSHIM MANOR, INC.</u>	<u>ALAMEDA GARDENS, INC.</u>	<u>FARRELL HOUSING LIMITED PARTNERSHIP</u>	<u>PRIMROSE APARTMENTS, INC.</u>	<u>ELIMINATIONS</u>	<u>CONSOLIDATED</u>
<b>A S S E T S</b>													
<b>CURRENT ASSETS:-</b>													
Cash and Cash Equivalents	\$ 115,449	\$ 2,066	\$ 1,970	\$ 1,386	\$ 2,728	\$ 7,757	\$ 692	\$ 3,098	\$ 481	\$ 10,831	\$ 448,383	\$ -	\$ 594,841
<u>Accounts Receivable -</u>													
Grants and Government Programs	245,702	-	-	-	-	-	-	-	-	-	458	-	246,160
Affiliates	1,117,561	-	-	-	-	-	-	-	-	-	-	(1,117,561)	-
Fairfields, Inc.	3,954	-	-	-	-	-	-	-	-	-	-	-	3,954
Utility Contracts	14,942	-	-	-	-	-	-	-	-	-	-	-	14,942
Other	-	1,046	-	7,886	13,789	160	9,882	8,774	59	-	1,962	-	43,558
Supplies Inventory	2,217	-	-	-	-	-	-	-	-	-	-	-	2,217
Prepaid Expenses	15,093	104	125	104	108	144	108	1,329	17,094	10,957	14,011	-	59,177
<b>TOTAL CURRENT ASSETS:-</b>	<b>\$ 1,514,918</b>	<b>\$ 3,216</b>	<b>\$ 2,095</b>	<b>\$ 9,376</b>	<b>\$ 16,625</b>	<b>\$ 8,061</b>	<b>\$ 10,682</b>	<b>\$ 13,201</b>	<b>\$ 17,634</b>	<b>\$ 21,788</b>	<b>\$ 464,814</b>	<b>\$ (1,117,561)</b>	<b>\$ 964,849</b>
<b>PROPERTY AND EQUIPMENT:-</b>													
Land and Land Improvements	\$ 3,700	\$ -	\$ 229,960	\$ 252,524	\$ 152,000	\$ 125,000	\$ 322,765	\$ 60,600	\$ 390,000	\$ 87,167	\$ 200,000	\$ -	\$ 1,823,716
Buildings	864,083	753,462	3,198,369	2,867,882	3,817,050	5,436,303	3,571,540	2,132,229	3,208,660	2,151,240	5,640,460	-	33,641,278
Vehicles	130,460	-	-	-	-	-	-	-	-	-	-	-	130,460
Equipment	83,765	-	-	-	-	21,954	-	63,210	-	145,800	-	-	314,729
Furniture and Fixtures	12,648	26,622	106,210	15,057	12,404	7,675	10,909	55,902	-	127,018	-	-	374,445
	\$ 1,094,656	\$ 780,084	\$ 3,534,539	\$ 3,135,463	\$ 3,981,454	\$ 5,590,932	\$ 3,905,214	\$ 2,311,941	\$ 3,598,660	\$ 2,511,225	\$ 5,840,460	\$ -	\$ 36,284,628
<b>LESS: Accumulated Depreciation</b>	<b>(571,481)</b>	<b>(293,806)</b>	<b>(993,779)</b>	<b>(591,579)</b>	<b>(700,618)</b>	<b>(867,080)</b>	<b>(560,031)</b>	<b>(877,071)</b>	<b>(314,183)</b>	<b>(1,953,453)</b>	<b>(246,771)</b>	<b>-</b>	<b>(7,969,852)</b>
<b>NET PROPERTY AND EQUIPMENT:-</b>	<b>\$ 523,175</b>	<b>\$ 486,278</b>	<b>\$ 2,540,760</b>	<b>\$ 2,543,884</b>	<b>\$ 3,280,836</b>	<b>\$ 4,723,852</b>	<b>\$ 3,345,183</b>	<b>\$ 1,434,870</b>	<b>\$ 3,284,477</b>	<b>\$ 557,772</b>	<b>\$ 5,593,689</b>	<b>\$ -</b>	<b>\$ 28,314,776</b>
<b>OTHER ASSETS:-</b>													
Investments - Other	\$ 18,317	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,317
Investments In Marketable Securities	801,031	-	-	-	-	-	-	-	-	-	-	-	801,031
PHFA Monitor Fee, Net of Accumulated Amortization	-	-	-	-	-	-	-	-	-	2,100	-	-	2,100
<b>TOTAL OTHER ASSETS:-</b>	<b>\$ 819,348</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,100</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 821,448</b>
<b>RESTRICTED CASH AND DEPOSITS, DEPOSITS HELD IN TRUST, AND FUNDED RESERVES:-</b>													
Minimum Capital Investment Escrow	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,335	\$ -	\$ 10,264	\$ -	\$ 20,599
Tenant Security Deposits	-	2,193	10,719	7,645	9,359	16,857	9,902	38,699	9,642	13,367	12,495	-	130,878
Tax and Insurance Escrows	-	8,580	22,271	10,423	14,939	25,128	7,029	13,528	39,764	20,726	10,766	-	173,154
Reserve for Replacement	-	17,855	188,472	131,850	216,351	198,968	93,898	132,940	189,255	101,560	36,146	-	1,307,295
<b>TOTAL RESTRICTED CASH AND DEPOSITS, DEPOSITS HELD IN TRUST, AND FUNDED RESERVES:-</b>	<b>\$ -</b>	<b>\$ 28,628</b>	<b>\$ 221,462</b>	<b>\$ 149,918</b>	<b>\$ 240,649</b>	<b>\$ 240,953</b>	<b>\$ 110,829</b>	<b>\$ 185,167</b>	<b>\$ 248,996</b>	<b>\$ 135,653</b>	<b>\$ 69,671</b>	<b>\$ -</b>	<b>\$ 1,631,926</b>
<b>TOTAL ASSETS:-</b>	<b>\$ 2,857,441</b>	<b>\$ 518,122</b>	<b>\$ 2,764,317</b>	<b>\$ 2,703,178</b>	<b>\$ 3,538,110</b>	<b>\$ 4,972,866</b>	<b>\$ 3,466,694</b>	<b>\$ 1,633,238</b>	<b>\$ 3,551,107</b>	<b>\$ 717,313</b>	<b>\$ 6,128,174</b>	<b>\$ (1,117,561)</b>	<b>\$ 31,732,999</b>

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

EXHIBIT "A"  
PAGE 2 OF 2

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2018

	<u>COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC.</u>	<u>INDEPENDENCE PARK, INC.</u>	<u>GARDEN WAY HOUSING, INC.</u>	<u>HEMPFIELD APARTMENTS, INC.</u>	<u>NORTH EAST MANOR, INC.</u>	<u>WESTFIELD TOWERS, INC.</u>	<u>THE HEMPFIELD APARTMENTS SOUTH, INC.</u>	<u>TUSHIM MANOR, INC.</u>	<u>ALAMEDA GARDENS, INC.</u>	<u>FARRELL HOUSING LIMITED PARTNERSHIP</u>	<u>PRIMROSE APARTMENTS, INC.</u>	<u>ELIMINATIONS</u>	<u>CONSOLIDATED</u>
<b>L I A B I L I T I E S</b>													
<b>CURRENT LIABILITIES:-</b>													
Accounts Payable	\$ 114,495	\$ 1,984	\$ 359	\$ 105	\$ 108	\$ 144	\$ 4,458	\$ -	\$ -	\$ -	\$ 5,683	\$ -	\$ 127,336
Accounts Payable - Construction	-	-	-	-	-	-	-	-	-	-	247,281	-	247,281
Accounts Payable - Community Action Partnership of Mercer County, Inc.	-	79,733	46,170	162,463	113,294	75,086	91,951	59,781	102,746	151,645	234,692	(1,117,561)	-
Accrued Payroll Taxes and Withholding	7,911	-	-	-	-	-	-	-	-	-	-	-	7,911
Accrued Payroll	21,297	-	-	-	-	-	-	-	-	-	-	-	21,297
Accrued Annual Leave	20,373	-	-	-	-	-	-	-	-	-	-	-	20,373
Prepaid Rents	-	225	32	21	119	50	4	34	3	317	1,685	-	2,490
<b>TOTAL CURRENT LIABILITIES:-</b>	<b>\$ 164,076</b>	<b>\$ 81,942</b>	<b>\$ 46,561</b>	<b>\$ 162,589</b>	<b>\$ 113,521</b>	<b>\$ 75,280</b>	<b>\$ 96,413</b>	<b>\$ 59,815</b>	<b>\$ 102,749</b>	<b>\$ 151,962</b>	<b>\$ 489,341</b>	<b>\$ (1,117,561)</b>	<b>\$ 426,688</b>
<b>LONG-TERM LIABILITIES:-</b>													
Accrued Severance Pay	\$ 13,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,400
Escrow and Deposits Payable	6,722	2,193	10,719	7,645	9,359	16,857	9,902	8,191	19,977	13,367	12,347	-	117,279
Notes and Mortgages Payable	-	717,720	3,288,400	2,942,800	4,096,800	5,661,900	3,913,300	2,276,900	3,479,600	1,157,717	5,567,400	-	33,102,537
<b>TOTAL LONG-TERM LIABILITIES:-</b>	<b>\$ 20,122</b>	<b>\$ 719,913</b>	<b>\$ 3,299,119</b>	<b>\$ 2,950,445</b>	<b>\$ 4,106,159</b>	<b>\$ 5,678,757</b>	<b>\$ 3,923,202</b>	<b>\$ 2,285,091</b>	<b>\$ 3,499,577</b>	<b>\$ 1,171,084</b>	<b>\$ 5,579,747</b>	<b>\$ -</b>	<b>\$ 33,233,216</b>
<b>TOTAL LIABILITIES:-</b>	<b>\$ 184,198</b>	<b>\$ 801,855</b>	<b>\$ 3,345,680</b>	<b>\$ 3,113,034</b>	<b>\$ 4,219,680</b>	<b>\$ 5,754,037</b>	<b>\$ 4,019,615</b>	<b>\$ 2,344,906</b>	<b>\$ 3,602,326</b>	<b>\$ 1,323,046</b>	<b>\$ 6,069,088</b>	<b>\$ (1,117,561)</b>	<b>\$ 33,659,904</b>
<b>N E T A S S E T S</b>													
Temporarily Restricted	\$ 41,413	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,413
Unrestricted	2,631,830	(283,733)	(581,363)	(409,856)	(681,570)	(781,171)	(552,921)	(711,668)	(51,219)	(17,369)	59,086	-	(1,379,954)
Noncontrolling Interest	-	-	-	-	-	-	-	-	-	(588,364)	-	-	(588,364)
<b>TOTAL NET ASSETS (DEFICIT):-</b>	<b>\$ 2,673,243</b>	<b>\$ (283,733)</b>	<b>\$ (581,363)</b>	<b>\$ (409,856)</b>	<b>\$ (681,570)</b>	<b>\$ (781,171)</b>	<b>\$ (552,921)</b>	<b>\$ (711,668)</b>	<b>\$ (51,219)</b>	<b>\$ (605,733)</b>	<b>\$ 59,086</b>	<b>\$ -</b>	<b>\$ (1,926,905)</b>
<b>TOTAL LIABILITIES AND NET ASSETS:-</b>	<b>\$ 2,857,441</b>	<b>\$ 518,122</b>	<b>\$ 2,764,317</b>	<b>\$ 2,703,178</b>	<b>\$ 3,538,110</b>	<b>\$ 4,972,866</b>	<b>\$ 3,466,694</b>	<b>\$ 1,633,238</b>	<b>\$ 3,551,107</b>	<b>\$ 717,313</b>	<b>\$ 6,128,174</b>	<b>\$ (1,117,561)</b>	<b>\$ 31,732,999</b>

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC.			INDEPENDENCE PARK, INC.	GARDEN WAY HOUSING, INC.	HEMPFIELD APARTMENTS, INC.	NORTH EAST MANOR, INC.	WESTFIELD TOWERS, INC.
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	UNRESTRICTED	UNRESTRICTED	UNRESTRICTED	UNRESTRICTED
<b>SUPPORT AND REVENUES:-</b>								
Grants	\$ 45,550	\$ 6,360,257	\$ 6,405,807	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions	227	-	227	-	-	-	-	-
Service Fees	243,406	-	243,406	-	-	-	-	-
Administrative Fees	125,348	-	125,348	-	-	-	-	-
Rental Income	15,267	51,853	67,120	76,786	189,768	131,100	142,309	217,609
Investment Return	82,907	-	82,907	3	135	85	134	126
Other	324	40,425	40,749	1,033	3,527	2,670	3,730	14,141
<u>Net Assets Released from Restrictions -</u> Restrictions Satisfied by Time and Payments	6,422,375	(6,422,375)	-	-	-	-	-	-
<b>TOTAL SUPPORT AND REVENUES:-</b>	<b>\$ 6,935,404</b>	<b>\$ 30,160</b>	<b>\$ 6,965,564</b>	<b>\$ 77,822</b>	<b>\$ 193,430</b>	<b>\$ 133,855</b>	<b>\$ 146,173</b>	<b>\$ 231,876</b>
<b>EXPENSES:-</b>								
<b>PROGRAM SERVICES -</b>								
Energy	\$ 1,108,653	\$ -	\$ 1,108,653	\$ -	\$ -	\$ -	\$ -	\$ -
Employment Services	192,897	-	192,897	-	-	-	-	-
Early Childhood Development	4,883,001	-	4,883,001	-	-	-	-	-
Housing Services	147,783	-	147,783	85,031	185,640	141,332	155,027	211,730
Educational Services	31,229	-	31,229	-	-	-	-	-
<b>SUBTOTAL - PROGRAM SERVICES:-</b>	<b>\$ 6,363,563</b>	<b>\$ -</b>	<b>\$ 6,363,563</b>	<b>\$ 85,031</b>	<b>\$ 185,640</b>	<b>\$ 141,332</b>	<b>\$ 155,027</b>	<b>\$ 211,730</b>
<b>SUPPORT SERVICES -</b>								
Management and General	512,684	-	512,684	-	-	-	-	-
<b>TOTAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION:-</b>	<b>\$ 6,876,247</b>	<b>\$ -</b>	<b>\$ 6,876,247</b>	<b>\$ 85,031</b>	<b>\$ 185,640</b>	<b>\$ 141,332</b>	<b>\$ 155,027</b>	<b>\$ 211,730</b>
<b>DEPRECIATION AND AMORTIZATION:-</b>	<b>39,138</b>	<b>-</b>	<b>39,138</b>	<b>18,680</b>	<b>90,383</b>	<b>73,762</b>	<b>96,253</b>	<b>140,986</b>
<b>TOTAL EXPENSES:-</b>	<b>\$ 6,915,385</b>	<b>\$ -</b>	<b>\$ 6,915,385</b>	<b>\$ 103,711</b>	<b>\$ 276,023</b>	<b>\$ 215,094</b>	<b>\$ 251,280</b>	<b>\$ 352,716</b>
<b>CHANGE IN NET ASSETS BEFORE ALLOCATION TO NONCONTROLLING INTEREST:-</b>	<b>\$ 20,019</b>	<b>\$ 30,160</b>	<b>\$ 50,179</b>	<b>\$ (25,889)</b>	<b>\$ (82,593)</b>	<b>\$ (81,239)</b>	<b>\$ (105,107)</b>	<b>\$ (120,840)</b>
<b>LESS:</b> Change in Net Assets Attributable to Noncontrolling Interest	-	-	-	-	-	-	-	-
<b>CHANGE TO NET ASSETS ATTRIBUTABLE TO CONTROLLING INTEREST:-</b>	<b>\$ 20,019</b>	<b>\$ 30,160</b>	<b>\$ 50,179</b>	<b>\$ (25,889)</b>	<b>\$ (82,593)</b>	<b>\$ (81,239)</b>	<b>\$ (105,107)</b>	<b>\$ (120,840)</b>

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	<u>THE HEMPFIELD</u>	<u>TUSHIM MANOR,</u>	<u>ALAMEDA</u>	<u>FARELL</u>	<u>PRIMROSE</u>	<u>ELIMINATIONS</u>	<u>NET OF INTERCOMPANY ELIMINATIONS</u>		
	<u>APARTMENTS</u>	<u>INC.</u>	<u>GARDENS, INC.</u>	<u>HOUSING</u>	<u>APARTMENTS,</u>		<u>CONSOLIDATED</u>		
	<u>SOUTH, INC.</u>			<u>LIMITED</u>	<u>INC.</u>		<u>UNRESTRICTED</u>	<u>TEMPORARILY</u>	<u>TOTAL</u>
	<u>UNRESTRICTED</u>	<u>UNRESTRICTED</u>	<u>UNRESTRICTED</u>	<u>UNRESTRICTED</u>	<u>UNRESTRICTED</u>	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>		
<b>SUPPORT AND REVENUES:-</b>									
Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,550	\$ 6,360,257	\$ 6,405,807
Contributions	-	-	-	-	-	-	227	-	227
Service Fees	-	-	-	-	-	-	243,406	-	243,406
Administrative Fees	-	-	-	-	-	(123,210)	2,138	-	2,138
Rental Income	136,023	124,144	135,903	154,785	200,750	-	1,524,444	51,853	1,576,297
Investment Return	70	1,270	140	446	55	-	85,371	-	85,371
Other	2,815	1,628	2,614	15,683	5,312	-	53,477	40,425	93,902
<u>Net Assets Released from Restrictions -</u>									
Restrictions Satisfied by Time and Payments	-	-	-	-	-	-	6,422,375	(6,422,375)	-
<b>TOTAL SUPPORT AND REVENUES:-</b>	<b>\$ 138,908</b>	<b>\$ 127,042</b>	<b>\$ 138,657</b>	<b>\$ 170,914</b>	<b>\$ 206,117</b>	<b>\$ (123,210)</b>	<b>\$ 8,376,988</b>	<b>\$ 30,160</b>	<b>\$ 8,407,148</b>
<b>EXPENSES:-</b>									
<b>PROGRAM SERVICES -</b>									
Energy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,108,653	\$ -	\$ 1,108,653
Employment Services	-	-	-	-	-	-	192,897	-	192,897
Early Childhood Development	-	-	-	-	-	-	4,883,001	-	4,883,001
Housing Services	145,001	177,093	118,019	184,266	280,290	(123,210)	1,708,002	-	1,708,002
Educational Services	-	-	-	-	-	-	31,229	-	31,229
<b>SUBTOTAL - PROGRAM SERVICES:-</b>	<b>\$ 145,001</b>	<b>\$ 177,093</b>	<b>\$ 118,019</b>	<b>\$ 184,266</b>	<b>\$ 280,290</b>	<b>\$ (123,210)</b>	<b>\$ 7,923,782</b>	<b>\$ -</b>	<b>\$ 7,923,782</b>
<b>SUPPORT SERVICES -</b>									
Management and General	-	-	-	-	-	-	512,684	-	512,684
<b>TOTAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION:-</b>	<b>\$ 145,001</b>	<b>\$ 177,093</b>	<b>\$ 118,019</b>	<b>\$ 184,266</b>	<b>\$ 280,290</b>	<b>\$ (123,210)</b>	<b>\$ 8,436,466</b>	<b>\$ -</b>	<b>\$ 8,436,466</b>
<b>DEPRECIATION AND AMORTIZATION:-</b>	<b>91,061</b>	<b>67,685</b>	<b>80,217</b>	<b>87,411</b>	<b>141,012</b>	<b>-</b>	<b>926,588</b>	<b>-</b>	<b>926,588</b>
<b>TOTAL EXPENSES:-</b>	<b>\$ 236,062</b>	<b>\$ 244,778</b>	<b>\$ 198,236</b>	<b>\$ 271,677</b>	<b>\$ 421,302</b>	<b>\$ (123,210)</b>	<b>\$ 9,363,054</b>	<b>\$ -</b>	<b>\$ 9,363,054</b>
<b>CHANGE IN NET ASSETS BEFORE ALLOCATION TO NONCONTROLLING INTEREST:-</b>	<b>\$ (97,154)</b>	<b>\$ (117,736)</b>	<b>\$ (59,579)</b>	<b>\$ (100,763)</b>	<b>\$ (215,185)</b>	<b>\$ -</b>	<b>\$ (986,066)</b>	<b>\$ 30,160</b>	<b>\$ (955,906)</b>
<b>LESS: Change in Net Assets Attributable to Noncontrolling Interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>99,755</b>	<b>-</b>	<b>-</b>	<b>99,755</b>	<b>-</b>	<b>99,755</b>
<b>CHANGE TO NET ASSETS ATTRIBUTABLE TO CONTROLLING INTEREST:-</b>	<b>\$ (97,154)</b>	<b>\$ (117,736)</b>	<b>\$ (59,579)</b>	<b>\$ (1,008)</b>	<b>\$ (215,185)</b>	<b>\$ -</b>	<b>\$ (886,311)</b>	<b>\$ 30,160</b>	<b>\$ (856,151)</b>

CONSOLIDATING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2018

	<u>COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC.</u>	<u>INDEPENDENCE PARK, INC.</u>	<u>GARDEN WAY HOUSING, INC.</u>	<u>HEMPFIELD APARTMENTS, INC.</u>	<u>NORTH EAST MANOR, INC.</u>	<u>WESTFIELD TOWERS, INC.</u>	<u>THE HEMPFIELD APARTMENTS, SOUTH, INC.</u>	<u>TUSHIM MANOR, INC.</u>	<u>ALAMEDA GARDENS, INC.</u>	<u>FARRELL HOUSING LIMITED PARTNERSHIP</u>	<u>PRIMROSE APARTMENTS, INC.</u>	<u>ELIMINATIONS</u>	<u>CONSOLIDATED</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:-</u>													
Cash Received from Grants and Other Governmental Units	\$ 6,354,259	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,354,259
Contributions Received	227	-	-	-	-	-	-	-	-	-	-	-	227
Fee Income Received	191,280	-	-	-	-	-	-	-	-	-	-	175,394	366,674
Rental Income Received	67,120	77,892	190,229	131,066	128,513	217,524	126,855	120,686	135,839	154,917	243,178	-	1,593,819
Interest and Dividend Income	14,642	3	135	85	134	126	70	1,270	140	446	55	-	17,106
Other Income Received	44,608	1,033	3,527	2,670	3,730	3,240	2,815	277	2,614	15,683	5,312	-	85,509
Cash Paid for Wages and Fringe Benefits	(682,040)	(8,158)	(12,112)	(7,750)	(12,020)	(27,268)	(8,941)	(35,734)	(17,561)	(27,100)	(28,664)	-	(867,348)
Cash Paid for Operating Activities	(6,104,366)	(71,317)	(167,259)	(118,167)	(128,642)	(211,427)	(118,756)	(128,517)	(132,261)	(129,031)	(177,730)	(175,394)	(7,662,867)
<u>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:-</u>	<u>\$ (114,270)</u>	<u>\$ (547)</u>	<u>\$ 14,520</u>	<u>\$ 7,904</u>	<u>\$ (8,285)</u>	<u>\$ (17,805)</u>	<u>\$ 2,043</u>	<u>\$ (42,018)</u>	<u>\$ (11,229)</u>	<u>\$ 14,915</u>	<u>\$ 42,151</u>	<u>\$ -</u>	<u>\$ (112,621)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:-</u>													
Proceeds from Sale of Investments	\$ 67,128	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,128
Purchases of Investments	(81,770)	-	-	-	-	-	-	-	-	-	-	-	(81,770)
Deposits to Tax and Insurance Escrow	-	(301)	(30,661)	(20,702)	(29,401)	(56,229)	(21,361)	(4,800)	(41,700)	(41,160)	(18,000)	-	(264,315)
Deposits to Reserve for Replacements	-	(3,542)	(13,448)	(11,501)	(14,089)	(19,617)	(13,341)	(9,120)	(13,668)	(17,730)	(20,568)	-	(136,624)
Withdrawal from Tax and Insurance Escrow	-	1,759	24,508	20,431	26,795	51,282	22,333	2,437	34,829	37,242	7,404	-	229,020
Withdrawal from Reserve for Replacements	-	6,113	6,028	10,743	13,521	15,895	6,898	57,898	335	-	26	-	117,457
Proceeds from Sale of Property and Equipment	15,612	-	-	-	-	-	-	-	-	-	-	-	15,612
Purchase of Property and Equipment	(39,450)	(3,234)	(6,400)	(8,445)	(12,404)	(11,864)	(4,405)	(16,573)	-	-	-	-	(102,775)
<u>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES:-</u>	<u>\$ (38,480)</u>	<u>\$ 795</u>	<u>\$ (19,973)</u>	<u>\$ (9,474)</u>	<u>\$ (15,578)</u>	<u>\$ (20,533)</u>	<u>\$ (9,876)</u>	<u>\$ 29,842</u>	<u>\$ (20,204)</u>	<u>\$ (21,648)</u>	<u>\$ (31,138)</u>	<u>\$ -</u>	<u>\$ (156,267)</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:-</u>	<u>\$ (152,750)</u>	<u>\$ 248</u>	<u>\$ (5,453)</u>	<u>\$ (1,570)</u>	<u>\$ (23,863)</u>	<u>\$ (38,338)</u>	<u>\$ (7,833)</u>	<u>\$ (12,176)</u>	<u>\$ (31,433)</u>	<u>\$ (6,733)</u>	<u>\$ 11,013</u>	<u>\$ -</u>	<u>\$ (268,888)</u>
<u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR:-</u>	<u>268,199</u>	<u>1,818</u>	<u>7,423</u>	<u>2,956</u>	<u>26,591</u>	<u>46,095</u>	<u>8,525</u>	<u>15,274</u>	<u>31,914</u>	<u>17,564</u>	<u>437,370</u>	<u>-</u>	<u>863,729</u>
<u>CASH AND CASH EQUIVALENTS - END OF YEAR:-</u>	<u>\$ 115,449</u>	<u>\$ 2,066</u>	<u>\$ 1,970</u>	<u>\$ 1,386</u>	<u>\$ 2,728</u>	<u>\$ 7,757</u>	<u>\$ 692</u>	<u>\$ 3,098</u>	<u>\$ 481</u>	<u>\$ 10,831</u>	<u>\$ 448,383</u>	<u>\$ -</u>	<u>\$ 594,841</u>

CONSOLIDATING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2018

	<u>COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC.</u>	<u>INDEPENDENCE PARK, INC.</u>	<u>GARDEN WAY HOUSING, INC.</u>	<u>HEMPFIELD APARTMENTS, INC.</u>	<u>NORTH EAST MANOR, INC.</u>	<u>WESTFIELD TOWERS, INC.</u>	<u>THE HEMPFIELD APARTMENTS, SOUTH, INC.</u>	<u>TUSHIM MANOR, INC.</u>	<u>ALAMEDA GARDENS, INC.</u>	<u>FARRELL HOUSING LIMITED PARTNERSHIP</u>	<u>PRIMROSE APARTMENTS, INC.</u>	<u>ELIMINATIONS</u>	<u>CONSOLIDATED</u>
<u>RECONCILIATION OF CHANGE IN NET ASSETS</u>													
<u>TO NET CASH PROVIDED BY (USED IN)</u>													
<u>OPERATING ACTIVITIES:-</u>													
Change in Net Assets	\$ 50,179	\$ (25,889)	\$ (82,593)	\$ (81,239)	\$ (105,107)	\$ (120,840)	\$ (97,154)	\$ (117,736)	\$ (59,579)	\$ (100,763)	\$ (215,185)	\$ -	\$ (955,906)
<u>Adjustment to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities -</u>													
Depreciation and Amortization	39,138	18,680	90,383	73,762	96,253	140,986	91,061	67,685	80,217	87,411	141,012	-	926,588
Gain on Minimum Capital Investment	-	-	-	-	-	(10,901)	-	-	-	-	-	-	(10,901)
Loss on Disposal	46,399	2,603	-	-	-	-	-	1,505	-	-	-	-	50,507
Unrealized and Realized Gain on Investments	(68,265)	-	-	-	-	-	-	-	-	-	-	-	(68,265)
<u>Change in Assets and Liabilities -</u>													
(Increase) Decrease in Receivables	(225,163)	1,106	468	(19)	(13,789)	(36)	(9,163)	(3,458)	(59)	-	43,479	175,394	(31,240)
(Increase) Decrease in Prepaid Expenses	11,868	(5)	(6)	(5)	(5)	(9)	(5)	(307)	(17,094)	1,082	(6,571)	-	(11,057)
(Increase) in Inventory	(253)	-	-	-	-	-	-	-	-	-	-	-	(253)
Increase (Decrease) in Accounts Payable	19,619	2,958	6,300	15,420	14,370	(26,964)	17,304	10,293	(14,709)	27,053	80,467	(175,394)	(23,283)
Increase in Accrued Payroll and Payroll Taxes	1,728	-	-	-	-	-	-	-	-	-	-	-	1,728
Increase in Escrow and Deposits Payable	639	-	-	-	-	-	-	-	-	-	-	-	639
Increase in Accrued Annual Leave and Severance Pay	9,841	-	-	-	-	-	-	-	-	-	-	-	9,841
Increase (Decrease) in Prepaid Rent	-	-	(32)	(15)	(7)	(41)	-	-	(5)	132	(1,051)	-	(1,019)
<u>NET CASH PROVIDED BY (USED IN)</u>													
<u>OPERATING ACTIVITIES:-</u>	<u>\$ (114,270)</u>	<u>\$ (547)</u>	<u>\$ 14,520</u>	<u>\$ 7,904</u>	<u>\$ (8,285)</u>	<u>\$ (17,805)</u>	<u>\$ 2,043</u>	<u>\$ (42,018)</u>	<u>\$ (11,229)</u>	<u>\$ 14,915</u>	<u>\$ 42,151</u>	<u>\$ -</u>	<u>\$ (112,621)</u>

STATEMENT OF SUPPORT AND REVENUES, AND EXPENSES BY PROGRAM

YEAR ENDED JUNE 30, 2018

	UNRESTRICTED				TEMPORARILY RESTRICTED				
	<u>CORPORATE</u> <u>ACTIVITIES</u>	<u>2017 UTILITY</u> <u>COMPANY</u> <u>WEATHERIZATION</u>	<u>2018 UTILITY</u> <u>COMPANY</u> <u>WEATHERIZATION</u>	<u>AGENCY</u> <u>RENTAL</u> <u>PROPERTIES</u>	<u>UNRESTRICTED</u> <u>SUBTOTAL</u>	<u>2017</u> <u>C.S.B.G.</u> <u>PROGRAM</u>	<u>2018</u> <u>C.S.B.G.</u> <u>PROGRAM</u>	<u>2017</u> <u>L.I.H.E.A.P.</u> <u>WEATHERIZATION</u> <u>CRISIS</u>	<u>2018</u> <u>L.I.H.E.A.P.</u> <u>WEATHERIZATION</u> <u>CRISIS</u>
<b>SUPPORT AND REVENUES:-</b>									
Grants	\$ 45,550	\$ -	\$ -	\$ -	\$ 45,550	\$ 147,029	\$ 126,194	\$ 6,571	\$ 486,532
Contributions	227	-	-	-	227	-	-	-	-
Service Fees	-	118,343	125,063	-	243,406	-	-	-	-
Administrative Fees	125,348	-	-	-	125,348	-	-	-	-
Rental Income	2,475	-	-	12,792	15,267	-	-	-	-
Investment Return	82,907	-	-	-	82,907	-	-	-	-
Other	324	-	-	-	324	-	1,148	-	-
<b>TOTAL SUPPORT AND REVENUES:-</b>	<b>\$ 256,831</b>	<b>\$ 118,343</b>	<b>\$ 125,063</b>	<b>\$ 12,792</b>	<b>\$ 513,029</b>	<b>\$ 147,029</b>	<b>\$ 127,342</b>	<b>\$ 6,571</b>	<b>\$ 486,532</b>
<b>EXPENSES:-</b>									
Wages and Fringe Benefits	\$ 64,928	\$ 9,194	\$ 19,232	\$ 2,057	\$ 95,411	\$ 85,450	\$ 81,991	\$ 96	58,316
Contracted Services	-	-	-	-	-	-	-	-	-
Program Supplies	4,309	17	40	72	4,438	1,546	1,827	-	289
Insurance	228	-	1,958	3,966	6,152	8,240	-	-	1,322
Office Supplies	395	1,235	1,465	690	3,785	5,563	4,141	-	1,592
Duplicating/Printing	1,377	1,513	253	80	3,223	5,237	4,247	-	390
Telephone	2,460	357	702	522	4,041	2,458	2,150	-	1,937
Travel and Conference	2,072	1,102	-	55	3,229	6,945	12,630	-	-
Advertising	14,763	-	-	-	14,763	-	-	-	-
Dues and Subscriptions	1,675	-	-	-	1,675	1,229	2,513	-	-
Legal and Professional	19,697	2,260	2,260	1,564	25,781	3,090	2,713	-	10,386
Space Costs	22,959	1,047	-	20,958	44,964	6,629	14,861	-	4,068
Vehicle Operating and Maintenance	-	1,532	445	1,130	3,107	-	-	-	2,477
Equipment Purchase/Lease	-	-	269	-	269	-	269	-	269
Equipment Maintenance	1,830	-	670	-	2,500	-	-	-	581
Subcontract - Materials	-	17,428	22,206	-	39,634	-	-	-	330,599
Subcontract - Labor	-	64,791	59,929	-	124,720	-	-	6,475	74,306
Community Patronage/Donations	4,064	-	-	-	4,064	-	-	-	-
Client Assistance Program Expenses	2,985	-	-	-	2,985	20,642	-	-	-
Entertainment	4,991	-	-	-	4,991	-	-	-	-
Loss on Disposal	46,399	-	-	-	46,399	-	-	-	-
Other	11,595	-	-	-	11,595	-	-	-	-
Depreciation	39,138	-	-	-	39,138	-	-	-	-
Software Maintenance/Purchase	105	1,332	-	387	1,824	-	-	-	-
<b>TOTAL EXPENSES:-</b>	<b>\$ 245,970</b>	<b>\$ 101,808</b>	<b>\$ 109,429</b>	<b>\$ 31,481</b>	<b>\$ 488,688</b>	<b>\$ 147,029</b>	<b>\$ 127,342</b>	<b>\$ 6,571</b>	<b>\$ 486,532</b>
<b>CHANGE IN NET ASSETS:-</b>	<b>\$ 10,861</b>	<b>\$ 16,535</b>	<b>\$ 15,634</b>	<b>\$ (18,689)</b>	<b>\$ 24,341</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



STATEMENT OF SUPPORT AND REVENUES, AND EXPENSES BY PROGRAM

YEAR ENDED JUNE 30, 2018

TEMPORARILY RESTRICTED

	<u>2017</u> <u>L.I.H.E.A.P.</u> <u>WEATHERIZATION</u> <u>STANDARD</u>	<u>2018</u> <u>L.I.H.E.A.P.</u> <u>WEATHERIZATION</u> <u>STANDARD</u>	<u>2018 D.O.E.</u> <u>WEATHERIZATION</u>	<u>2017 WORK</u> <u>READY</u>	<u>2018 WORK</u> <u>READY</u>	<u>STREET OUTREACH</u> <u>PROGRAM</u>	<u>HEAD START</u> <u>PROGRAM</u>	<u>2018</u> <u>BHC HOUSING</u> <u>COUNSELING</u>	<u>2018</u> <u>BHC</u> <u>HOUSING</u>
<b>SUPPORT AND REVENUES:-</b>									
Grants	\$ 83,402	\$ 53,986	\$ 266,925	\$ 48,366	\$ 169,646	\$ 3,500	\$ 4,883,001	\$ -	\$ -
Contributions	-	-	-	-	-	-	-	-	-
Service Fees	-	-	-	-	-	-	-	-	-
Administrative Fees	-	-	-	-	-	-	-	-	-
Rental Income	-	-	-	-	-	-	-	-	35,750
Investment Return	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	7,486	13,000
<b>TOTAL SUPPORT AND REVENUES:-</b>	<b>\$ 83,402</b>	<b>\$ 53,986</b>	<b>\$ 266,925</b>	<b>\$ 48,366</b>	<b>\$ 169,646</b>	<b>\$ 3,500</b>	<b>\$ 4,883,001</b>	<b>\$ 7,486</b>	<b>\$ 48,750</b>
<b>EXPENSES:-</b>									
Wages and Fringe Benefits	\$ 40,085	\$ 3,324	\$ 95,797	\$ 30,725	\$ 102,471	2,877	\$ -	\$ 2,457	\$ 17,726
Contracted Services	-	-	-	-	-	-	4,883,001	-	-
Program Supplies	760	-	281	1,457	2,832	-	-	1,790	16
Insurance	-	-	2,616	-	2,237	-	-	-	3,148
Office Supplies	52	45	3,144	239	5,096	-	-	1,284	915
Duplicating/Printing	90	73	371	944	2,261	-	-	-	83
Telephone	1,474	791	1,790	775	2,845	-	-	6	883
Travel and Conference	-	-	-	1,476	3,639	623	-	25	23
Advertising	-	-	-	-	-	-	-	-	-
Dues and Subscriptions	-	-	-	-	-	-	-	-	100
Legal and Professional	-	1,833	5,408	-	5,343	-	-	100	1,000
Space Costs	(253)	1,663	1,406	3,179	13,442	-	-	94	19,972
Vehicle Operating and Maintenance	1,541	20	3,597	360	2,190	-	-	-	1,400
Equipment Purchase/Lease	517	-	269	-	575	-	-	-	-
Equipment Maintenance	-	-	-	-	-	-	-	-	-
Subcontract - Materials	19,120	21,085	71,479	-	-	-	-	-	-
Subcontract - Labor	20,016	25,152	80,767	1,455	1,200	-	-	-	1,395
Community Patronage/Donations	-	-	-	-	-	-	-	-	-
Client Assistance Program Expenses	-	-	-	7,756	400	-	-	1,730	-
Entertainment	-	-	-	-	-	-	-	-	-
Loss on Disposal	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Software Maintenance/Purchase	-	-	-	-	-	-	-	-	309
<b>TOTAL EXPENSES:-</b>	<b>\$ 83,402</b>	<b>\$ 53,986</b>	<b>\$ 266,925</b>	<b>\$ 48,366</b>	<b>\$ 144,531</b>	<b>3,500</b>	<b>\$ 4,883,001</b>	<b>\$ 7,486</b>	<b>\$ 46,970</b>
<b>CHANGE IN NET ASSETS:-</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 25,115</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,780</b>

STATEMENT OF SUPPORT AND REVENUES, AND EXPENSES BY PROGRAM

YEAR ENDED JUNE 30, 2018

	TEMPORARILY RESTRICTED							TOTAL	
	<u>2017</u>	<u>2018</u>		<u>MON VALLEY</u>	<u>MON VALLEY</u>	<u>HUD</u>	<u>HUD</u>		
	<u>REGIONAL</u>	<u>REGIONAL</u>	<u>HOUSING</u>	<u>INITIATIVE</u>	<u>INITIATIVE</u>	<u>SUPPORTED</u>	<u>SUPPORTED</u>		
<u>VETERAN</u>	<u>VETERAN</u>		<u>HOUSING</u>	<u>HOUSING</u>	<u>HOUSING FOR</u>	<u>HOUSING FOR</u>	<u>TEMPORARILY</u>		
<u>SERVICES</u>	<u>SERVICES</u>	<u>COUNSELING</u>	<u>COUNSELING</u>	<u>COUNSELING</u>	<u>MENTALLY ILL</u>	<u>MENTALLY ILL</u>	<u>RESTRICTED</u>		
<u>PROGRAM</u>	<u>PROGRAM</u>	<u>COUNSELING</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>SUBTOTAL</u>		
<b>SUPPORT AND REVENUES:-</b>									
Grants	\$ 11,900	\$ 28,475	\$ -	\$ -	\$ -	\$ 18,780	\$ 25,950	\$ 6,360,257	\$ 6,405,807
Contributions	-	-	-	-	-	-	-	-	227
Service Fees	-	-	-	-	-	-	-	-	243,406
Administrative Fees	-	-	-	-	-	-	-	-	125,348
Rental Income	-	-	-	-	-	6,937	9,166	51,853	67,120
Investment Return	-	-	-	-	-	-	-	-	82,907
Other	-	-	-	(147)	18,938	-	-	40,425	40,749
<b>TOTAL SUPPORT AND REVENUES:-</b>	<b>\$ 11,900</b>	<b>\$ 28,475</b>	<b>\$ -</b>	<b>\$ (147)</b>	<b>\$ 18,938</b>	<b>\$ 25,717</b>	<b>\$ 35,116</b>	<b>\$ 6,452,535</b>	<b>\$ 6,965,564</b>
<b>EXPENSES:-</b>									
Wages and Fringe Benefits	\$ 9,621	\$ 19,795	\$ 542	\$ 1,182	\$ 18,838	\$ 6,384	\$ 20,521	\$ 598,198	\$ 693,609
Contracted Services	-	-	-	-	-	-	-	4,883,001	4,883,001
Program Supplies	100	283	15	12	404	5	6	11,623	16,061
Insurance	-	-	-	-	-	-	3,823	21,386	27,538
Office Supplies	-	1,294	2	10	12	151	99	23,639	27,424
Duplicating/Printing	-	-	72	293	1,017	2	59	15,139	18,362
Telephone	289	686	35	5	404	548	652	17,728	21,769
Travel and Conference	-	187	-	-	238	35	20	25,841	29,070
Advertising	133	452	-	-	-	-	-	585	15,348
Dues and Subscriptions	-	-	-	-	-	-	-	3,842	5,517
Legal and Professional	-	710	20	20	509	260	890	32,282	58,063
Space Costs	444	2,202	-	29	84	7,980	15,536	91,336	136,300
Vehicle Operating and Maintenance	-	-	-	-	-	212	2,893	14,690	17,797
Equipment Purchase/Lease	-	-	-	-	-	-	-	1,899	2,168
Equipment Maintenance	-	-	-	-	-	-	-	581	3,081
Subcontract - Materials	-	-	-	-	-	-	-	442,283	481,917
Subcontract - Labor	-	-	-	-	-	741	-	211,507	336,227
Community Patronage/Donations	-	-	-	-	-	-	-	-	4,064
Client Assistance Program Expenses	-	-	-	-	-	-	-	30,528	33,513
Entertainment	-	-	-	-	-	-	-	-	4,991
Loss on Disposal	-	-	-	-	-	-	-	-	46,399
Other	-	-	-	-	-	-	-	-	11,595
Depreciation	-	-	-	-	-	-	-	-	39,138
Software Maintenance/Purchase	-	-	-	-	-	132	168	609	2,433
<b>TOTAL EXPENSES:-</b>	<b>\$ 10,587</b>	<b>\$ 25,609</b>	<b>\$ 686</b>	<b>\$ 1,551</b>	<b>\$ 21,506</b>	<b>\$ 16,450</b>	<b>\$ 44,667</b>	<b>\$ 6,426,697</b>	<b>\$ 6,915,385</b>
<b>CHANGE IN NET ASSETS:-</b>	<b>\$ 1,313</b>	<b>\$ 2,866</b>	<b>\$ (686)</b>	<b>\$ (1,698)</b>	<b>\$ (2,568)</b>	<b>\$ 9,267</b>	<b>\$ (9,551)</b>	<b>\$ 25,838</b>	<b>\$ 50,179</b>