

COMMUNITY ACTION PARTNERSHIP OF
MERCER COUNTY, INC. AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

JUNE 30, 2024 AND 2023

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

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Board of Directors
Community Action Partnership of
Mercer County, Inc. and Affiliates
75 South Dock Street
Sharon, Pennsylvania

We have performed the Single Audit of Community Action Partnership of Mercer County, Inc., for the year ended June 30, 2024, and have enclosed the Single Audit reporting package.

The Single Audit was done to fulfill the requirements of the Uniform Guidance. It entailed: 1) an audit of the consolidated financial statements and our opinion thereon; 2) an examination of the Schedule of Expenditure of Federal Awards and our opinion thereon; 3) a review of internal control over financial reporting and on compliance and other matters based solely on the understanding obtained as part of the audit of the consolidated financial statements performed in accordance with Government Auditing Standards; and 4) a review of compliance with the requirements applicable to each major program and internal control over compliance in accordance with the Uniform Guidance and our opinion thereon.

Black, Bashor & Porsch, LLP
Sharon, Pennsylvania
March 31, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Community Action Partnership of
Mercer County, Inc. and Affiliates
75 South Dock Street
Sharon, Pennsylvania

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Community Action Partnership of Mercer County, Inc. (a non-profit organization) and Affiliates, which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Community Action Partnership of Mercer County, Inc. and Affiliates as of June 30, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. GAAP, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Action Partnership of Mercer County, Inc. and Affiliates' ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with U.S. GAAS and Government Auditing Standards, we:

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the supplementary information listed in the table of contents as Exhibit "A" thru "D" are presented for purposes of additional analysis and are not a required part of the consolidated financial statements.

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 31, 2025, 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 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. internal control over financial reporting and compliance.

Black, Bashor & Porsch, LLP

Sharon, Pennsylvania
March 31, 2025

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

A S S E T S			L I A B I L I T I E S A N D N E T A S S E T S (D E F I C I T)		
	2024	2023		2024	2023
CURRENT ASSETS:-			CURRENT LIABILITIES:-		
Cash and Cash Equivalents	\$ 1,069,280	\$ 1,692,575	Note Payable	\$ 33,039	\$ -
Cash and Cash Equivalents - Restricted	308,670	-	Accounts Payable	531,346	1,410,924
Accounts Receivable -			Accrued Payroll	323,687	18,329
Grants and Governmental Programs	1,204,257	1,575,965	Accrued Annual Leave	9,962	9,962
Other	101,332	43,164	Advanced Deposits	1,634,632	1,544,493
Utility Contracts	2,311	25,077	Prepaid Rents	18,769	2,196
Supplies Inventory	2,011	2,191	Lease Liability	49,476	-
Prepaid Expenses	165,562	67,040			
TOTAL CURRENT ASSETS:-	2,853,423	3,406,012	TOTAL CURRENT LIABILITIES:-	2,600,911	2,985,904
PROPERTY AND EQUIPMENT:-			LONG-TERM LIABILITIES:-		
Land and Land Improvements	1,823,416	1,823,416	Accrued Severance Pay	8,900	8,904
Buildings	33,066,228	33,658,336	Escrow and Deposits Payable	122,162	112,089
Rental Properties	558,808	-	Notes and Mortgages Payable	33,256,978	33,099,917
Vehicles	115,109	115,109	Lease Liability	25,939	-
Equipment	1,021,858	282,079			
Furniture and Fixtures	458,354	458,354	TOTAL LONG-TERM LIABILITIES:-	33,413,979	33,220,910
Lease Right-of-Use Assets	75,415	-	TOTAL LIABILITIES:-	36,014,890	36,206,814
LESS: Accumulated Depreciation	(13,738,571)	(12,465,304)			
NET PROPERTY AND EQUIPMENT:-	23,380,617	23,871,990			
OTHER ASSETS:-			NET ASSETS (DEFICIT):-		
Intangible Asset	190,000	-	With Donor Restrictions	599,151	238,909
Investments in Marketable Securities	1,183,723	1,034,099	Without Donor Restrictions	(6,254,093)	(5,477,467)
Assets Held for Sale	-	11,673	Noncontrolling Interest	(1,154,133)	(1,090,236)
PHFA Monitor Fee, Net of Accumulated Amortization	660	900			
TOTAL OTHER ASSETS:-	1,374,383	1,046,672	TOTAL NET ASSETS (DEFICIT):-	(6,809,075)	(6,328,794)
RESTRICTED CASH AND DEPOSITS, DEPOSITS HELD IN TRUST, AND FUNDED RESERVES:-	1,597,392	1,553,346	TOTAL LIABILITIES AND NET ASSETS (DEFICIT):-	\$ 29,205,815	\$ 29,878,020
TOTAL ASSETS:-	\$ 29,205,815	\$ 29,878,020			

The Accompanying Notes are an Integral Part of These Statements

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023		2024	2023	
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTALS	TOTALS	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS
SUPPORT AND REVENUES:-						
Grants and Contributions	\$ -	\$ 8,446,899	\$ 8,446,899	\$ 8,643,384	\$ -	\$ 8,643,384
Contribution of Nonfinancial Assets	- 139,521	139,521	- 139,521	- -	- -	- -
Service Fees	84,253	-	84,253	249,214	249,214	249,214
Administrative Fees	1,764	-	1,764	2,291	2,291	2,291
Rental Income	1,775,545	37,230	1,812,775	1,770,763	1,733,680	37,083
Investment Return	153,688	59,653	213,341	129,319	128,771	548
Loss on Sale of Assets	(10,054)	-	(10,054)	-	-	-
Other	126,086	237,728	363,814	291,897	56,432	235,465
Net Assets Released from Restrictions -						
Restrictions Satisfied by Time and Payments	9,153,404	(9,153,404)	- -	- -	8,852,900	(8,852,900)
TOTAL SUPPORT AND REVENUES:-	11,284,686	(232,373)	11,052,313	11,086,868	11,023,288	63,580
EXPENSES:-						
PROGRAM SERVICES -						
Energy	2,286,527	-	2,286,527	1,819,138	1,819,138	-
Early Childhood Development	6,254,735	-	6,254,735	6,447,753	6,447,753	-
Housing Services	2,414,121	-	2,414,121	2,373,841	2,373,841	-
Educational Services	24,218	-	24,218	25,471	25,471	-
Community Development	207,827	-	207,827	203,868	203,868	-
SUBTOTAL - PROGRAM SERVICES:-	11,187,428	<b">- -</b">	11,187,428	10,870,071	10,870,071	<b">- -</b">
SUPPORT SERVICE -						
Management and General	937,781	-	937,781	1,096,276	1,096,276	-
TOTAL EXPENSES:-	12,125,209	<b">- -</b">	12,125,209	11,966,347	11,966,347	<b">- -</b">
CHANGE IN NET ASSETS BEFORE ALLOCATION TO NONCONTROLLING INTEREST AND CONSIDERATION TRANSFERRED:-	(840,523)	(232,373)	(1,072,896)	(879,479)	(943,059)	63,580
PLUS: Excess of Consideration Transferred Over Net Assets Acquired in Acquisition of Head Start Program	- 592,615	592,615	592,615	- -	- -	- -
LESS: Change in Net Assets Attributable to Noncontrolling Interest	63,897	- -	63,897	65,936	65,936	- -
CHANGE IN NET ASSETS (DEFICIT) ATTRIBUTABLE TO CONTROLLING INTEREST:-	(776,626)	360,242	(416,384)	(813,543)	(877,123)	63,580
NET ASSETS (DEFICIT) ATTRIBUTABLE TO CONTROLLING INTEREST - BEGINNING OF YEAR:-	(5,477,467)	238,909	(5,238,558)	(4,425,015)	(4,600,344)	175,329
NET ASSETS (DEFICIT) ATTRIBUTABLE TO CONTROLLING INTEREST - END OF YEAR:-	\$ (6,254,093)	\$ 599,151	\$ (5,654,942)	\$ (5,238,558)	\$ (5,477,467)	\$ 238,909

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, 2024

	ENERGY	EARLY CHILDHOOD DEVELOPMENT	HOUSING SERVICES	EDUCATIONAL SERVICES	COMMUNITY DEVELOPMENT	SUBTOTAL	MANAGEMENT AND GENERAL	TOTAL
<u>EXPENSES:-</u>								
Wages and Fringe Benefits	\$ 400,091	\$ 4,314,100	\$ 281,108	\$ 19,456	\$ 98,421	\$ 5,113,176	\$ 469,975	\$ 5,583,151
Contracted Services	-	-	248,019	-	-	248,019	-	248,019
Program Supplies	455	108,638	210,521	41	48	319,703	22,088	341,791
Insurance	8,480	12,050	65,236	149	-	85,915	13,537	99,452
Office Supplies	19,069	1,575	3,158	1,065	2,073	26,940	94,464	121,404
Duplicating/Printing	9,923	12,472	151	68	-	22,614	(519)	22,095
Telephone	7,796	91,816	2,672	794	1,989	105,067	5,614	110,681
Travel and Conference	1,156	54,892	5,034	-	1,383	62,465	1,224	63,689
Advertising	3,452	44,748	135	-	-	48,335	21,155	69,490
Dues and Subscriptions	15	6,592	-	-	-	6,607	7,718	14,325
Legal and Professional	24,060	109,593	3,567	1,322	1,598	140,140	116,765	256,905
Space Costs	10,973	121,725	645,842	968	-	779,508	46,360	825,868
Vehicle and Operating Maintenance	8,049	5,980	35,657	-	-	49,686	-	49,686
Equipment Purchase/Lease	332	103,141	13	40	33	103,559	23,780	127,339
Equipment Maintenance	522,541	7,508	-	-	-	530,049	-	530,049
Subcontract - Materials	819,572	-	-	-	-	819,572	-	819,572
Subcontract - Labor	424,429	-	20,063	-	-	444,492	-	444,492
Contribution to Local Government	-	-	-	-	70,741	70,741	-	70,741
Client Assistance Program	-	-	-	315	26,114	26,429	58,444	84,873
Entertainment	-	-	-	-	-	-	17,642	17,642
Health and Safety	28,311	-	-	-	-	28,311	-	28,311
Other	(2,177)	129,475	22,873	-	5,427	155,598	12,551	168,149
Depreciation and Amortization	-	64,501	868,711	-	-	933,212	26,983	960,195
Software Maintenance/Purchase	-	-	1,361	-	-	1,361	-	1,361
In-Kind	-	139,521	-	-	-	139,521	-	139,521
Meals	-	459,237	-	-	-	459,237	-	459,237
Rent	-	99,169	-	-	-	99,169	-	99,169
Technology	-	144,857	-	-	-	144,857	-	144,857
Classroom	-	223,145	-	-	-	223,145	-	223,145
<u>TOTAL EXPENSES:-</u>	<u>\$ 2,286,527</u>	<u>\$ 6,254,735</u>	<u>\$ 2,414,121</u>	<u>\$ 24,218</u>	<u>\$ 207,827</u>	<u>\$ 11,187,428</u>	<u>\$ 937,781</u>	<u>\$ 12,125,209</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, 2023

	ENERGY	EARLY CHILDHOOD DEVELOPMENT	HOUSING SERVICES	EDUCATIONAL SERVICES	COMMUNITY DEVELOPMENT	SUBTOTAL	MANAGEMENT AND GENERAL	TOTAL
<u>EXPENSES:-</u>								
Wages and Fringe Benefits	\$ 290,079	\$ -	\$ 275,294	\$ 21,562	\$ 71,504	\$ 658,439	\$ 541,381	\$ 1,199,820
Contracted Services	-	6,447,753	314,013	-	-	6,761,766	22,253	6,784,019
Program Supplies	159	-	181,927	244	231	182,561	24,738	207,299
Insurance	7,037	-	59,246	136	1,000	67,419	17,157	84,576
Office Supplies	32,036	-	2,192	1,144	14,827	50,199	98,699	148,898
Duplicating/Printing	6,885	-	66	53	123	7,127	3,110	10,237
Telephone	7,372	-	2,696	842	1,724	12,634	7,630	20,264
Travel and Conference	331	-	2,940	-	2,015	5,286	4,575	9,861
Advertising	-	-	-	-	304	304	24,917	25,221
Dues and Subscriptions	15	-	-	-	-	15	7,233	7,248
Legal and Professional	20,530	-	2,552	290	1,269	24,641	134,826	159,467
Space Costs	10,047	-	619,300	1,200	-	630,547	65,113	695,660
Vehicle and Operating Maintenance	10,743	-	12,974	-	-	23,717	527	24,244
Equipment Purchase/Lease	9,034	-	629	-	-	9,663	300	9,963
Equipment Maintenance	-	-	4,369	-	-	4,369	-	4,369
Subcontract - Materials	891,234	-	-	-	-	891,234	-	891,234
Subcontract - Labor	467,290	-	-	-	-	467,290	25,871	493,161
Contribution to Local Government	-	-	-	-	109,242	109,242	-	109,242
Client Assistance Program	-	-	30	-	1,629	1,659	72,385	74,044
Entertainment	-	-	-	-	-	-	5,718	5,718
Health and Safety	66,734	-	-	-	-	66,734	-	66,734
Other	(388)	-	5,716	-	-	5,328	8,143	13,471
Depreciation and Amortization	-	-	889,391	-	-	889,391	30,941	920,332
Software Maintenance/Purchase	-	-	506	-	-	506	759	1,265
<u>TOTAL EXPENSES:-</u>	\$ 1,819,138	\$ 6,447,753	\$ 2,373,841	\$ 25,471	\$ 203,868	\$ 10,870,071	\$ 1,096,276	\$ 11,966,347

The Accompanying Notes are an Integral Part of These Statements

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES:-</u>		
Change in Net Assets	\$ (1,072,896)	\$ (879,479)
<u>Adjustments to Reconcile Change in Net Assets to</u>		
<u>Net Cash (Used) Provided by Operating Activities -</u>		
Depreciation and Amortization	960,195	920,332
Amortization of Loan Fees	340	340
Realized and Unrealized Gain on Investments	(127,229)	(106,140)
Loss on Sale of Property and Equipment	10,053	-
<u>(Increase) Decrease in Assets -</u>		
Accounts Receivable	503,709	(259,801)
Supplies Inventory	180	(51)
Prepaid Expenses	22,916	18,833
<u>Increase (Decrease) in Liabilities -</u>		
Accounts Payable	(1,017,373)	277,279
Accrued Payroll and Payroll Taxes	305,358	(29,147)
Accrued Annual Leave and Severance Pay	(4)	5
Prepaid Rent	16,573	(483)
Advanced Deposits	(87,389)	1,448,386
Escrow and Deposits Payable	10,073	4,465
<u>NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES:-</u>	<u>(475,494)</u>	<u>1,394,539</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:-</u>		
Proceeds from Sale of Investments	50,284	67,242
Purchases of Investments	(72,679)	(78,060)
Proceeds from Sale of Property and Equipment	1,620	-
Acquisition of Head Start Program	275,263	-
<u>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES:-</u>	<u>254,488</u>	<u>(10,818)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:-</u>		
Repayments of Lease Liabilities	(49,573)	-
Repayments of Line-of-Credit	-	(108,500)
<u>NET CASH USED BY FINANCING ACTIVITIES:-</u>	<u>(49,573)</u>	<u>(108,500)</u>
<u>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS:-</u>	<u>(270,579)</u>	<u>1,275,221</u>
<u>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - BEGINNING OF YEAR:-</u>	<u>3,245,921</u>	<u>1,970,700</u>
<u>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR:-</u>	<u>\$ 2,975,342</u>	<u>\$ 3,245,921</u>

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

The following table provides a reconciliation of cash and restricted cash reported on the consolidated statement of financial position that sum to the total in this consolidated statement of cash flows at June 30, 2024 and 2023:

	2024	2023
Cash and Cash Equivalents	\$ 1,069,280	\$ 1,692,575
Cash and Cash Equivalents - Restricted	308,670	-
Restricted Cash and Deposits, Deposits Held in Trust, and Funded Reserves	1,597,392	1,553,346
<u>CASH AND RESTRICTED CASH:-</u>	<u>\$ 2,975,342</u>	<u>\$ 3,245,921</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:-

	2024	2023
Cash Paid During the Year for Interest	\$ -	\$ 4,846

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:-

During the year ended June 30, 2024, the Organization issued a note payable for \$ 190,000 in connection with the purchase of an intangible asset.

The following is summary of the Organization's acquisition of the Head Start program during the year ended June 30, 2024:

Fair Value of Assets Acquired, Including Cash of \$ 275,263	\$ 2,166,695
Less - Liabilities Assumed, Including Lease Liabilities of \$ 175,863	<u>(1,574,080)</u>
	<u><u>\$ 592,615</u></u>

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

1. NATURE OF ORGANIZATION AND OPERATIONS

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 early childhood education, 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 the projects is the Organization.

The Organization is the general partner and property manager of Farrell Housing Limited Partnership (FHLR), a 36-unit low or very low-income housing apartment complex located in Farrell, Pennsylvania. FHLR is organized under the laws of the Commonwealth of Pennsylvania, the primary purpose of which is to provide housing to low or very low-income families. The property operates under, and is subject to, a regulatory agreement with Pennsylvania Housing Finance Authority (PHFA).

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.

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- 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.

EARLY CHILDHOOD DEVELOPMENT

During the year ended June 30, 2024, the Organization started to administer, as part the Organization, the Early Childhood Development Programs. In the prior year, the Organization's Early Childhood Development Programs were delegated to the Farrell Area School District to administer. Through the Head Start Program, the Organization 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 preschool children, infant through age three, and their families. The Head Start and Early Head Start Programs are funded by the Federal Department of Health and Human Services. The Pre-K Counts Program (Pre-K) provides quality half-day and full-day preschool 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, the Pennsylvania Housing Finance Agency, and the City of Sharon. CAPMC is a certified HUD Housing Counseling Organization.
- Senior housing is provided to income qualified seniors age 62 and older at nine locations consisting of approximately 250 units that are sponsored and/or managed by the Organization.
- Special needs housing is provided at eight (8) locations consisting of 30 units that are owned and managed by the Organization.
- Single family rental housing provides decent, safe and affordable housing for nine (9) families. Housing counseling services are provided to families who wish to purchase the home they are renting.
- Permanent supportive housing for persons with disabilities - HUD. The Organization uses these funds to provide permanent housing with support services for mentally and permanently disabled individuals.

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HOUSING CRISIS VETERANS' 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, the Organization aims to improve very low-income veteran families' housing stability in Mercer County. The Organization will provide eligible veterans and their families with outreach, case management, and assistance in obtaining VA and other benefits.

NEIGHBOR ASSISTANCE PROGRAM (NAP)

The Organization participates in the Pennsylvania NAP. The NAP is a tax credit program which improves distressed areas. The program promotes community development and collaboration among nonprofits, businesses, local governments, and residents to produce outcomes which assist distressed areas or the low-income population in a neighborhood.

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 and state 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, the partnership income or loss is presented without a provision for federal or state income taxes. Income or loss of the Partnership is allocated 1 percent to the general partner, and 99 percent to two (2) limited partners.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of 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 two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Net assets with donor restrictions generally represent the unexpended balances of grants.

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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 with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in net assets with donor restrictions, 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), donor restricted net assets are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

BASIS OF ACCOUNTING

The accrual basis of accounting is used by the Organization and its Affiliates. In accordance with the accrual basis of accounting, 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 statements 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, 2024, the Organization had approximately \$ 1,452,000 of deposits 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 - GRANTS AND GOVERNMENT PROGRAMS

Accounts receivable represent amounts due under grants for which services have been provided and cost incurred but for which the Organization has not been reimbursed at June 30, 2024 and 2023. Accounts receivable are stated at the amount management expects to collect from outstanding balances.

For the year ended June 30, 2024, approximately 78 percent of the Organization's revenue is provided from two (2) programs, Early Education, and Weatherization. All of these programs are funded with various federal and state grants, or federal subsidies. Accounts receivable for these two (2) funding sources represent approximately 91 percent of total accounts receivable at June 30, 2024.

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For the year ended June 30, 2023, approximately 89 percent of the Organization's revenue is provided from three (3) programs, Early Education, Weatherization, and Housing Services programs. All three of these programs are funded with various federal and state grants, or federal subsidies. Accounts receivable for these three (3) funding sources represent approximately 95 percent of total accounts receivable at June 30, 2023.

ACCOUNTS RECEIVABLE - OTHER

The Organization operates in the low-income housing industry and its accounts receivable are primarily derived from low-income residents. Accounts receivable include amounts billed and currently due from customers for charges related to renting individual apartment units. Residents enter into a one-year contract for their initial year of residency. Thereafter, all rental contracts are on a month-to-month basis. Rental income amounts are billed and recognized monthly.

At each balance sheet date, the Organization recognized an expected allowance for credit losses. In addition, also at each reporting date, the estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar characteristics exist. Accounts receivable are evaluated individually when they do not share similar characteristics.

The allowance estimate is derived from a review of the Organization's historical losses based on aging of receivables. This estimate is adjusted for management's assessment of current economic conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses and the Organization's portfolio segment has remained constant since the Organization's inception. The Organization is not anticipating any change in the expected credit loss than has been incurred in the past. As a result, management has determined that its allowance for credit losses should be \$ - 0 - for the years ended June 30, 2024 and 2023.

The Organization writes off accounts receivable when there is information that indicates the resident is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts receivable previously written-off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the Organization's policy election.

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 expensed, 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.

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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 amounted to \$ 960,195 and \$ 920,332 for the years ended June 30, 2024 and 2023, respectively.

INTANGIBLE ASSET

Our valuation of the identifiable intangible asset acquired is based on information and assumptions available to us at the time of acquisition, using income and market approaches to determine fair value, as appropriate. We amortize our definite-lived intangible asset over its estimated useful life of five (5) years.

We review intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset might not be recoverable and monitor for the existence of potential impairment indicators throughout the year. We record an impairment loss for any portion of the carrying value that is not recoverable.

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 consolidated 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 net assets without donor restrictions 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.

REVENUErecognition

The Organization recognizes grants and contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the condition on which they depend have been substantially met.

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A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. The Organization received cost-reimbursable grants of \$ 862,700 and \$ 1,504,210 as of June 30, 2024 and 2023, respectively, that have not been recognized in the statement of activities because qualifying expenditures have not yet been incurred, with an advanced deposit of \$ 1,634,632 and \$ 1,544,493 as of June 30, 2024 and 2023, respectively, recognized in the statement of financial position.

All contributions are considered to be available for operations unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as support with donor restrictions that increases that net asset class. However, if a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support as without donor restrictions.

Grant revenue deemed to be a contribution is classified as with donor restrictions when received or receivable. Such grant revenue is not deemed to be as a result of an exchange transaction since the proceeds thereof are non-reciprocal, unconditional, and voluntary.

The Organization's low-income housing program primary revenue stream is rent charges for residential units under leases with durations of one year or less. These programs record revenue for such leases at gross potential rent as prescribed by HUD. The rental value of vacancies and other concessions are stated separately to present net rental income on an accrual basis. Subsidy revenue for low-income eligible tenants is provided under a Project Rental Assistance Contract (PRAC). This contract requires tenants to contribute a portion of the contract rent based on formulas prescribed by HUD. The difference between the calculated subsidy and the contract rent is paid by HUD. During the years ended June 30, 2024 and 2023, tenant assistance payments from HUD totaled \$ 414,684 and \$ 448,035. The rent subsidy contracts with HUD are renewed at various dates throughout the year. Subsidy income is considered part of the lease and is not considered a contribution under ASC 958. This standard indicates that government payments to specifically identified participants are to be considered exchange transactions and potentially subject to ASC 606. The Organization believes that both rental and subsidy income streams are exempted from compliance with ASC 606 due to their inclusion under current and future lease standards.

ADVERTISING COSTS

Advertising costs are expensed as they are incurred and amounted to \$ 69,490 and \$ 25,221 for the years ended June 30, 2024 and 2023, respectively.

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ALLOCATED EXPENSES

The costs of providing the various programs and other activities of the Organization are presented on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and support services benefited. Salaries and benefit expenses have been specifically allocated based on employee time charges to an activity or program. Rent and facility costs, including utilities, are allocated based on estimated square footage. All other expense allocations to program and support services are based on management's estimates.

DISTRIBUTIONS

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

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.

LEASES

Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-02, Leases (Accounting Standards Codification Topic 842) became effective for year beginning after December 15, 2021. The ASU requires that lessee's classify leases as financing or operating and recognize a right-to-use asset and a lease liability as of the lease commencement date.

Management has elected the practical expedient to not apply this new lease standard to all short-term (12 months or less) leases and has not recorded an asset or liability for its short-term leases. In addition, management has elected not to apply this new lease standard for low value leases. For both short-term and low value leases, management continues to follow previous accounting guidelines and recognize lease payments as profit or loss on a straight-line basis.

The Organization leases office and classroom space. The Organization determine if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on our consolidated statement of financial position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on our consolidated statement of financial position.

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

The Organization has lease agreements with lease and non-lease components, which are generally accounted for as a single lease component. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease components is typically revised from one period to the next. These variable lease payments, which are primarily comprised of common area maintenance, utilities, and real estate taxes that are passed on from the lessor in proportion to the space leased, are recognized in operating expenses in the period in which the obligation for those payments was incurred.

3. AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Financial assets in excess of daily cash requirements are invested in registered investment companies and other short-term investments. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and investments.

For purposes of analyzing resources available to meet general expenses over a 12-month period, the Organization considers all expenses related to its ongoing activities of providing energy, housing, and educational services, as well as the conduct of services undertaken to support these activities to be general expenses.

In addition to the financial assets available to meet general expenses over the next 12 months, the Organization anticipates collecting sufficient revenue to cover general expenses. Refer to the statement of cash flows which identifies the sources and uses of the Organization's cash and cash equivalents.

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The following table reflects the Organization's financial assets as of June 30, 2024 and 2023, reduced by amounts that are not available to meet general expenses within one year of the consolidated statement of financial position date. Amounts not available include certain reserve and escrow accounts subject to HUD redemption limitations, and tenant security deposits.

	2024	2023
<u>Description of Financial Assets:-</u>		
Cash and Cash Equivalents	\$ 1,377,950	\$ 1,692,575
Accounts Receivable	1,307,900	1,644,206
Investments in Marketable Securities	1,183,723	1,034,099
Restricted Cash and Deposits, Deposits Held in Trust, and Funded Reserves	<u>1,597,392</u>	<u>1,553,346</u>
<u>TOTAL FINANCIAL ASSETS:-</u>	<u>5,466,965</u>	<u>5,924,226</u>
Investments and Restricted Cash and Deposits With Liquidity Horizons Greater Than One Year	<u>(2,791,353)</u>	<u>(3,097,018)</u>
Financial Assets Available to Meet Cash Needs for General Expenses Within the Next Year	<u>\$ 2,675,612</u>	<u>\$ 2,827,208</u>

4. ACCOUNTS RECEIVABLE - GRANTS AND GOVERNMENT PROGRAMS

Accounts Receivable - Grants and Government Programs consist of the following at June 30, 2024 and 2023:

	2024	2023
Head Start	\$ 755,249	\$ 1,104,119
Community Service Block Grant	74,014	48,978
Department of Energy	184,782	103,022
L.I.H.E.A.P.	156,266	292,360
BHC Housing	-	3,740
Housing Counseling	<u>33,946</u>	<u>23,746</u>
<u>TOTAL:-</u>	<u>\$ 1,204,257</u>	<u>\$ 1,575,965</u>

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5. INTANGIBLE ASSET

During the year ended June 30, 2024, the Organization purchased a reversionary interest in its building and property from the County of Mercer. The Organization considers this reversionary interest an intangible asset with a finite life. The intangible will be amortized over a period of five (5) years starting on the first anniversary date of the purchase. The following is a summary of the expected future amortization of the intangible asset as of June 30, 2024:

<u>Year Ending June 30,</u>	<u>2024</u>
2025	\$ 33,039
2026	35,352
2027	37,827
2028	40,474
2029	<u>43,308</u>
<u>Total:-</u>	<u>\$ 190,000</u>

6. INVESTMENTS IN MARKETABLE SECURITIES

Investments in marketable securities consists of the following registered investment companies at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
<u>Registered Investment Companies:-</u>		
Mid-Cap Index Fund	\$ 197,872	\$ 175,170
Total Bond Market Index Fund	186,431	146,176
Total International Stock Index Admiral Fund	144,488	121,119
Total Stock Market Index Admiral Fund	449,157	405,162
Small-Cap Index Admiral Fund	<u>205,775</u>	<u>186,472</u>
<u>TOTAL REGISTERED INVESTMENT COMPANIES:-</u>	<u>\$ 1,183,723</u>	<u>\$ 1,034,099</u>

Components of realized and unrealized gains and losses consist of the following for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Net Gains Recognized on Investment Securities During the Year Ended June 30	\$ 127,229	\$ 106,140
Less: Net Gains Recognized on Investments Sold During the Year Ended June 30	<u>50,284</u>	<u>59,059</u>
Unrealized Gains Recognized During the Year on Investments Held as of June 30	<u>\$ 76,945</u>	<u>\$ 47,081</u>

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7. 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.

The following table presents the fair value measurement of assets and liabilities recognized in the accompanying consolidated statements 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, 2024 and 2023:

	JUNE 30, 2024			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Equity Securities	\$ 1,183,723	\$ -	\$ -	\$ 1,183,723
<u>TOTAL:-</u>	<u>\$ 1,183,723</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,183,723</u>
	JUNE 30, 2023			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Equity Securities	\$ 1,034,099	\$ -	\$ -	\$ 1,034,099
<u>TOTAL:-</u>	<u>\$ 1,034,099</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,034,099</u>

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

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

8. RESTRICTED DEPOSITS AND FUNDED RESERVES

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

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- 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 HUD and PHFA 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 HUD and PFHA 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, 2024 and 2023:

	2024	2023
Reserve for Replacement	\$ 1,396,478	\$ 1,355,227
Tax and Insurance Escrows	96,494	95,379
Tenant Security Deposits	104,420	102,740
 <u>TOTAL:-</u>	 <u>\$ 1,597,392</u>	 <u>\$ 1,553,346</u>

9. COMPENSATED ABSENCES

The Organization has adopted a policy of allowing employees to carry over from year-to-year earned but unused annual leave 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 40 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, 2024 and 2023, of \$ 9,962 and \$ 9,962 meets these criteria and has been recorded as a liability in the accompanying consolidated statements 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, with employees given credit for service from their date of hire. The accumulated balance of severance pay as of June 30, 2024 and 2023, of \$ 8,905 and \$ 8,900 also meets the above criteria and has been recorded as a liability in the accompanying consolidated statements 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.

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10. LINE-OF-CREDIT

The Organization has a line-of-credit with a bank. The credit limit is \$ 150,000, bearing interest at prime plus 1 percent (9.50 percent at June 30, 2024). The balance outstanding on the line-of-credit was \$ -0- for both years ended June 30, 2024 and 2023. Interest paid during the years ended June 30, 2024 and 2023, on the line-of-credit borrowing amounted to \$ - 0 - and \$ 4,846, respectively.

11. 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 March 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.

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, 2024 and 2023.

SECTION 202 CAPITAL ADVANCE FINANCING

The primary source of funding for the eight (8) senior housing 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 for 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 totaling \$ 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 statements of financial position at June 30, 2024 and 2023.

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

FARRELL HOUSING LIMITED PARTNERSHIP

The original first mortgage of \$ 814,592 is payable to the Pennsylvania Housing Finance Organization (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.

A second mortgage payable of \$ 344,000 is payable to the Redevelopment Authority of the City of Farrell and is noninterest-bearing. Principal payments were 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, 2024, 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.

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY

In February of 2024, the Organization entered into an agreement with the County of Mercer (County) to purchase the building and property currently used by the Organization. In connection with the purchase, the Organization executed a promissory note for \$ 190,000. For so long as Organization continues to operate the Mercer County Head Start program, twenty (20%) percent of the principal payable under this Note, and all then-accrued interest thereon, shall be forgiven by Lender on each one-year anniversary of the date of this Note, such that if the Organization continues to operate the Mercer County Head Start program for five (5) years after date of this Note, all outstanding principal and interest due under this Note shall be forgiven and the Organization's obligation under this Note shall be fully satisfied.

In the event Organization ceases to operate the Mercer County Head Start program within five (5) years of the date of this Note, or is in default in the payment of any installment of principal and interest due under this Note for a period of thirty (30) days, the entire unpaid balance of the principal debt, shall, at the option of the County or any holder of this Note, and without notice, become immediately due and payable; and one or more executions may forthwith issue on any judgment or judgments obtained by virtue hereof; and no failure on the part of the Lender or any holder hereof to exercise any of the rights hereunder shall be deemed a waiver of any such lights or of any default hereunder.

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Notes and mortgage payable as of June 30, 2024 and 2023, consisted of the following:

	2024		
	CURRENT	LONG-TERM	TOTAL
<u>Independence Park, Inc. -</u>			
HUD Mortgage Payable (Section 811 Capital Advance Financing)	\$ -	\$ 714,700	\$ 714,700
<u>SUBTOTAL:-</u>	-	714,700	714,700
<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
<u>Primrose Apartments, Inc. -</u>			
HUD Mortgage Payable (Section 202 Capital Advance Financing)	-	5,567,400	5,567,400
<u>SUBTOTAL:-</u>	-	31,227,100	31,227,100
<u>Farrell Housing Limited Partnership -</u>			
Loan Origination Fee	-	(375)	(375)
PHFA Mortgage Payable	-	814,592	814,592
Redevelopment Authority Mortgage Payable	-	344,000	344,000
<u>SUBTOTAL:-</u>	-	-	1,158,217
<u>Community Action Partnership of Mercer County -</u>			
Promissory Note Payable (County of Mercer)	33,039	156,961	190,000
<u>SUBTOTAL:-</u>	33,039	156,961	190,000
<u>TOTAL NOTES AND MORTGAGES PAYABLE:-</u>	<u>\$ 33,039</u>	<u>\$ 32,098,761</u>	<u>\$ 33,290,017</u>

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

	2023		
	CURRENT	LONG-TERM	TOTAL
<u>Independence Park, Inc. -</u>			
HUD Mortgage Payable (Section 811 Capital Advance Financing)	\$ -	\$ 714,700	\$ 714,700
<u>SUBTOTAL:-</u>	-	714,700	714,700
<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
<u>Primrose Apartments, Inc. -</u>			
HUD Mortgage Payable (Section 202 Capital Advance Financing)	-	5,567,400	5,567,400
<u>SUBTOTAL:-</u>	-	31,227,100	31,227,100
<u>Farrell Housing Limited Partnership -</u>			
Loan Origination Fee	-	(475)	(475)
PHFA Mortgage Payable	-	814,592	814,592
Redevelopment Authority Mortgage Payable	-	344,000	344,000
<u>SUBTOTAL:-</u>	-	1,158,117	1,158,117
<u>TOTAL NOTES AND MORTGAGES PAYABLE:-</u>	<u>\$ -</u>	<u>\$ 33,099,917</u>	<u>\$ 33,099,917</u>

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

The Organization is the sponsor of the HUD entities identified above. No interest or repayment of the notes is required as long as the Organization operates the properties for very low-income elderly persons or qualified disabled for no less than forty years. Failure to keep the properties available for very low-income elderly persons would result in HUD billing the Organization for the entire capital advance outstanding plus interest from the date of the first advance. It is the intention of the Organization to operate the properties for the benefit of very low-income elderly persons. In addition, the Organization has committed to financially support the properties for at least the next twelve months.

12. LEASES

The Organization has entered into operating leases for the Head Start program for administrative office, classroom space, and certain office equipment. Leases have remaining lease terms of one (1) to two (2) years. As of June 30, 2024, assets recorded under operating leases were as follows:

	2024
Lease Right-of-Use Assets	\$ 173,200
Accumualted Amortizatiuon	<u>97,785</u>
<u>NET RIGHT-OF-USE ASSETS:-</u>	<u>\$ 75,415</u>

The components of lease expense for the years ended June 30, 2024 and 2023 were as follows:

	2024
Operating Lease Costs	\$ 53,400
Short-Term and Low-Value Lease Costs	<u>135,477</u>
<u>TOTAL LEASE COSTS:-</u>	<u>\$ 188,877</u>

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Future minimum lease payments under non-cancellable leases as of June 30, 2024, were as follows:

<u>YEAR ENDED DECEMBER 31,</u>	<u>OPERATING LEASES</u>
2025	\$ 53,400
2026	<u>27,000</u>
 TOTAL FUTURE MINIMUM LEASE PAYMENTS	80,400
 <u>LESS:</u> Imputed Interest	<u>(4,985)</u>
 <u>TOTAL:-</u>	<u>\$ 75,415</u>

The lease liability is reported in the statement of financial position at June 30, 2024, as follows:

	<u>2024</u>
Current Liabilities	\$ 49,476
Long-Term Liabilities	<u>25,939</u>
 <u>TOTAL:-</u>	<u>\$ 75,415</u>

13. CONTRIBUTION OF NONFINANCIAL ASSETS

Contributed nonfinancial assets recognized within the statement of activities for the year ended June 30, 2024, includes the following:

	<u>2024</u>
Building (classroom space)	<u>\$ 139,521</u>

The Organization recognized contributed nonfinancial assets within revenue, including contributed space. The contributed building was used for classroom space. In valuing the contributed building space, which is located primarily in Mercer County, the Organization estimated the fair value using comparable rental rates of similar-type and quality space. Unless otherwise noted, contributed nonfinancial assets did not have any donor-imposed restrictions.

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

14. RENTAL INCOME AND ACTIVITIES

The Organization has constructed, sponsors, and is the property managers for ten (10) affiliated entities that lease residential apartment units primarily to elderly very low-income tenants. Eight (8) of these affiliates operate under the provisions of Section 202 of the National Affordable Housing Act and are regulated by the HUD, and one (1) operates under the provisions of Section 811 of the National Affordable Housing Act and are regulated by the HUD.

The operations of the affiliates are concentrated in the multi-family real estate market and the affiliates operate in a heavily regulated environment. The operations of each project are subject to the administrative directives, and 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.

Nine (9) of the affiliates are subject to a Project Rental Assistance Contract (PRAC) with HUD. Rent revenue is recognized using rates established by HUD and is reported at the amount that reflects the consideration the affiliate expects to be entitled in exchange for providing housing services to tenants, pursuant to the affiliate's participation in the Section 202 or 811 PRAC with HUD. Tenant rents and rent subsidies are determined in accordance with regulatory guidelines published by HUD. Under the Regulatory Agreements, an affiliate may not increase rents charged to tenants without prior HUD approval. Each affiliate records revenue in the period the housing services are provided. Payments are received monthly from tenants and HUD for such housing services. The Organization believes there are no implicit price concessions. All contracts with tenants have a duration of less than one year; therefore, the Organization is not disclosing the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. Additionally, there is no significant financing component associated with contracts with tenants.

The terms of the lease agreements with tenants provide for varying monthly lease payments, depending on a tenant's monthly income. Tenants initially entered into a one (1) year lease agreement which automatically renews and converts to a month-to-month lease after the initial year until either party terminates the agreement. The combined total number of units available to rent is 249.

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Rental income for the years ended June 30, 2024 and 2023, consisted of the following:

	<u>2024</u>	<u>2023</u>
Community Action Partnership of Mercer County, Inc.	\$ 85,686	\$ 78,937
Independence Park, Inc.	94,369	88,480
Garden Way Housing, Inc.	216,982	207,167
Hempfield Apartments, Inc.	133,085	144,910
North East Manor, Inc.	175,571	166,504
Westfield Towers, Inc.	238,376	220,730
The Hempfield Apartments South, Inc.	160,985	144,726
Tushim Manor, Inc.	122,065	120,342
Alameda Gardens, Inc.	152,076	163,848
Farrell Housing Limited Partnership	172,529	171,052
Primrose Apartments, Inc.	261,051	264,067
 <u>TOTAL:-</u>	 <u>\$ 1,812,775</u>	 <u>\$ 1,770,763</u>

Under each property's regulatory agreement, 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 years ended June 30, 2024 and 2023, rental rates charged were:

	<u>RATE PER UNIT PER MONTH</u>	
	<u>2024</u>	<u>2023</u>
Independence Park, Inc.	\$ 800	\$ 741
Garden Way Housing, Inc.	518	493
Hempfield Apartments, Inc.	573	573
North East Manor, Inc.	578	547
Westfield Towers, Inc.	527	506
The Hempfield Apartments South, Inc.	620	557
Tushim Manor, Inc.	493	479
Alameda Gardens, Inc.	572	555
Farrell Housing Limited Partnership (PHFA)	486	441
Primrose Apartments, Inc.	664	586

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Investment in operating leases are as follows at June 30, 2024 and 2023:

<u>JUNE 30, 2024</u>			
COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC.			
	<u>INC.</u>	<u>AFFILIATES</u>	<u>TOTAL</u>
Property and Equipment	\$ 558,808	\$ 35,299,613	\$ 35,858,421
Acumulated Depreciation	<u>(360,339)</u>	<u>(12,682,727)</u>	<u>(13,043,066)</u>
<u>Net Property and Equipment:-</u>	<u>\$ 198,469</u>	<u>\$ 22,616,886</u>	<u>\$ 22,815,355</u>
Depreciation Expense	<u>\$ 15,874</u>	<u>\$ 868,711</u>	<u>\$ 884,585</u>

<u>JUNE 30, 2023</u>			
COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC.			
	<u>INC.</u>	<u>AFFILIATES</u>	<u>TOTAL</u>
Property and Equipment	\$ 477,514	\$ 35,299,613	\$ 35,777,127
Acumulated Depreciation	<u>(291,936)</u>	<u>(11,814,342)</u>	<u>(12,106,278)</u>
<u>Net Property and Equipment:-</u>	<u>\$ 185,578</u>	<u>\$ 23,485,271</u>	<u>\$ 23,670,849</u>
Depreciation Expense	<u>\$ 14,415</u>	<u>\$ 889,391</u>	<u>\$ 903,806</u>

Depreciation expense for assets subject to operating leases is provided primarily on the straight-line method over the life of the related asset in amounts necessary to reduce the carrying value amount of the asset to its estimated residual value. Estimated and residual values are reviewed on a regular basis to determine that depreciation amounts are appropriate. Depreciation expense related to property and equipment held as investments in operating leases was \$ 884,585 and \$ 903,806 for the years ended June 30, 2024 and 2023.

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

15. 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. Any Organization matching contribution will be determined annually by the Board of Directors. For the years ended June 30, 2024 and 2023, the Board of Director's approved a matching contribution of six (6) percent of the employee's pay. Total retirement expense for the years ended June 30, 2024 and 2023, amounted to \$ 86,983 and \$ 22,659, respectively.

16. FARRELL HOUSING LIMITED PARTNERSHIP (FHP)

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 \$ 814,592 through the PHFA, and \$ 344,000 through the City of Farrell Redevelopment Authority. The balance of funding of \$ 1.2 million was provided through the buy-ins of two (2) banks. The Organization has not made any monetary contributions to the project. Under the arrangement, FHP was formed with the Organization being the general partner with a one (1) percent partnership interest, and the banks being limited partners each having a 49.5 percent partnership interest. Subsequently, one of the banks contributed its 49.5 percent limited partnership interest to the Organization.

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 \$ 13,862 and \$ 13,852 were charged and eliminated in the consolidated statements of activities during consolidation for the years ended June 30, 2024 and 2023.

The Partnership has incurred cumulative losses from operations of \$ 1,388,566 as of June 30, 2024, and the Partnership's liabilities exceed its assets by the same amount. In addition, the Partnership's debt facilities become due within the next year. These conditions raise substantial doubt about the Partnership's ability to continue as a going concern. The Partnership is currently working with its lenders to obtain an extension of the maturity date of its notes. However, there can be no assurance that the Partnership will be successful in achieving its objectives.

The accompanying financial statements have been prepared assuming the partnership will continue as a going concern; however, the above conditions raise substantial doubt about the Partnership's ability to do so. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result should the Partnership be unable to continue as a going concern.

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

17. 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 housing 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.

18. SUBSEQUENT EVENTS

In accordance with FASB ASC 855-10 Subsequent Events, the Organization has evaluated subsequent events through March 31, 2025, the date which the financial statements were available to be issued, and except for the item noted below, concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements or notes.

Subsequent to June 30, 2024, the Organization purchased a new building to be used as its executive and administrative offices for \$ 466,000.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2024

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC.													FARRELL HOUSING LIMITED PARTNERSHIP			PRIMROSE APARTMENTS, INC.			ELIMINATIONS	CONSOLIDATED
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.						
A S S E T S																				
CURRENT ASSETS:-																				
Cash and Cash Equivalents	\$ 944,275	\$ 51	\$ 796	\$ 712	\$ 22,874	\$ 21,492	\$ 24,103	\$ 40,869	\$ 1,949	\$ 1,661	\$ 10,498	\$ -	\$ -	\$ 1,069,280						
Cash and Cash Equivalents - Restricted	308,670	-	-	-	-	-	-	-	-	-	-	-	-	308,670						
Accounts Receivable -																				
Grants and Government Programs	1,204,257	-	-	-	-	-	-	-	-	-	-	-	-	1,204,257						
Affiliates	1,837,820	-	-	-	-	-	-	-	-	-	-	-	-	(1,837,820)	-					
Other	39,102	881	265	420	15,717	7,802	15,267	228	434	921	20,295	-	101,332							
Utility Contracts	2,311	-	-	-	-	-	-	-	-	-	-	-	-	2,311						
Supplies Inventory	2,011	-	-	-	-	-	-	-	-	-	-	-	-	2,011						
Prepaid Expenses	87,155	-	3,317	2,885	3,040	10,717	3,205	1,385	11,786	10,845	31,227	-	165,562							
TOTAL CURRENT ASSETS:-	4,425,601	932	4,378	4,017	41,631	40,011	42,575	42,482	14,169	13,427	62,020	(1,837,820)	2,853,423							
PROPERTY AND EQUIPMENT:-																				
Land and Land Improvements	-	3,400	229,960	252,524	152,000	125,000	322,765	60,600	390,000	87,167	200,000	-	1,823,416							
Buildings	274,933	767,562	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	-	33,066,228							
Rental Properties	558,808	-	-	-	-	-	-	-	-	-	-	-	558,808							
Vehicles	115,109	-	-	-	-	-	-	-	-	-	-	-	115,109							
Equipment	778,145	-	-	-	-	37,275	-	67,594	-	138,844	-	-	1,021,858							
Furniture and Fixtures	17,165	32,676	136,086	27,034	33,639	7,888	35,278	58,503	1,387	108,698	-	-	458,354							
Lease Right-of-Use Assets	75,415	-	-	-	-	-	-	-	-	-	-	-	75,415							
LESS: Accumulated Depreciation	1,819,575	803,638	3,564,415	3,147,440	4,002,689	5,606,466	3,929,583	2,318,926	3,600,047	2,485,949	5,840,460	-	37,119,188							
	(1,055,844)	(427,403)	(1,526,350)	(1,039,712)	(1,298,250)	(1,720,317)	(1,127,074)	(1,241,553)	(796,868)	(2,412,358)	(1,092,842)	-	(13,738,571)							
NET PROPERTY AND EQUIPMENT:-	763,731	376,235	2,038,065	2,107,728	2,704,439	3,886,149	2,802,509	1,077,373	2,803,179	73,591	4,747,618	-	23,380,617							
OTHER ASSETS:-																				
Intangible Asset	190,000	-	-	-	-	-	-	-	-	-	-	-	190,000							
Investments in Marketable Securities	1,183,723	-	-	-	-	-	-	-	-	-	-	-	1,183,723							
PHFA Monitor Fee, Net of Accumulated Amortization	-	-	-	-	-	-	-	-	-	-	660	-	660							
TOTAL OTHER ASSETS:-	1,373,723	-	-	-	-	-	-	-	-	-	660	-	1,374,383							
RESTRICTED CASH AND DEPOSITS, DEPOSITS HELD IN TRUST, AND FUNDED RESERVES:-																				
Tenant Security Deposits	-	2,346	14,540	7,474	10,312	16,150	11,419	7,677	11,409	10,793	12,300	-	104,420							
Tax and Insurance Escrows	-	2,395	23,130	17,420	-	-	-	18,418	13,277	21,456	398	-	96,494							
Reserve for Replacement	-	24,149	167,558	136,673	203,306	231,110	85,298	79,090	225,145	66,752	177,397	-	1,396,478							
TOTAL RESTRICTED CASH AND DEPOSITS, DEPOSITS HELD IN TRUST, AND FUNDED RESERVES:-	-	28,890	205,228	161,567	213,618	247,260	96,717	105,185	249,831	99,001	190,095	-	1,597,392							
TOTAL ASSETS:-	\$ 6,563,055	\$ 406,057	\$ 2,247,671	\$ 2,273,312	\$ 2,959,688	\$ 4,173,420	\$ 2,941,801	\$ 1,225,040	\$ 3,067,179	\$ 186,679	\$ 4,999,733	\$ (1,837,820)	\$ 29,205,815							

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

EXHIBIT "A"
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CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2024

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC.	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	PRIMROSE APARTMENTS, INC.	ELIMINATIONS	CONSOLIDATED	
LIABILITIES													
CURRENT LIABILITIES:-													
Note Payable													
	\$ 33,039	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,039	
Accounts Payable	494,985	-	-	-	-	-	-	-	-	-	36,361	-	
Accounts Payable - Community Action Partnership of Mercer County, Inc.	-	118,086	107,948	262,766	176,158	146,400	178,015	173,257	105,288	405,588	164,314	(1,837,820)	
Accrued Payroll	312,231	-	-	-	-	-	-	-	-	-	11,456	-	
Accrued Annual Leave	9,962	-	-	-	-	-	-	-	-	-	-	9,962	
Advanced Deposits	1,634,632	-	-	-	-	-	-	-	-	-	-	1,634,632	
Prepaid Rents	-	207	3	280	-	4,302	155	-	10,375	647	2,800	-	
Lease Liability	49,476	-	-	-	-	-	-	-	-	-	-	49,476	
TOTAL CURRENT LIABILITIES:-	2,534,325	118,293	107,951	263,046	176,158	150,702	178,170	173,257	115,663	406,235	214,931	(1,837,820)	2,600,911
LONG-TERM LIABILITIES:-													
Accrued Severance Pay													
	8,900	-	-	-	-	-	-	-	-	-	-	8,900	
Escrow and Deposits Payable	17,742	2,346	14,540	7,474	10,312	16,150	11,419	7,677	11,409	10,793	12,300	-	
Notes and Mortgages Payable	156,961	714,700	3,288,400	2,942,800	4,096,800	5,661,900	3,913,300	2,276,900	3,479,600	1,158,217	5,567,400	-	33,256,978
Lease Liability	25,939	-	-	-	-	-	-	-	-	-	-	25,939	
TOTAL LONG-TERM LIABILITIES:-	209,542	717,046	3,302,940	2,950,274	4,107,112	5,678,050	3,924,719	2,284,577	3,491,009	1,169,010	5,579,700	-	33,413,979
TOTAL LIABILITIES:-	2,743,867	835,339	3,410,891	3,213,320	4,283,270	5,828,752	4,102,889	2,457,834	3,606,672	1,575,245	5,794,631	(1,837,820)	36,014,890
NET ASSETS (DEFICIT)													
With Donor Restrictions													
	599,151	-	-	-	-	-	-	-	-	-	-	599,151	
Without Donor Restrictions	3,220,037	(429,282)	(1,163,220)	(940,008)	(1,323,582)	(1,655,332)	(1,161,088)	(1,232,794)	(539,493)	(234,433)	(794,898)	-	
Noncontrolling Interest	-	-	-	-	-	-	-	-	-	(1,154,133)	-	(1,154,133)	
TOTAL NET ASSETS (DEFICIT):-	3,819,188	(429,282)	(1,163,220)	(940,008)	(1,323,582)	(1,655,332)	(1,161,088)	(1,232,794)	(539,493)	(1,388,566)	(794,898)	-	(6,809,075)
TOTAL LIABILITIES AND NET ASSETS (DEFICIT):-	\$ 6,563,055	\$ 406,057	\$ 2,247,671	\$ 2,273,312	\$ 2,959,688	\$ 4,173,420	\$ 2,941,801	\$ 1,225,040	\$ 3,067,179	\$ 186,679	\$ 4,999,733	\$ (1,837,820)	\$ 29,205,815

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

EXHIBIT "B"

CONSOLIDATING STATEMENT OF ACTIVITIES

PAGE 1 OF 2

YEAR ENDED JUNE 30, 2024

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC.	INDEPENDENCE PARK, INC.			GARDEN WAY HOUSING, INC.		HEMPFIELD APARTMENTS, INC.		NORTH EAST MANOR, INC.		WESTFIELD TOWERS, INC.		THE HEMPFIELD APARTMENTS SOUTH, INC.	
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITHOUT DONOR RESTRICTIONS								
SUPPORT AND REVENUES:-													
Grants and Contributions	\$ -	\$ 8,446,899	\$ 8,446,899	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Contribution of Nonfinancial Assets	-	139,521	139,521	-	-	-	-	-	-	-	-	-	
Service Fees	84,253	-	84,253	-	-	-	-	-	-	-	-	-	
Administrative Fees	132,428	-	132,428	-	-	-	-	-	-	-	-	-	
Rental Income	48,456	37,230	85,686	94,369	216,982	133,085	175,571	238,376	160,985				
Investment Return	150,124	59,653	209,777	11	166	121	169	197	98				
Loss on Sale of Assets	(10,054)	-	(10,054)	-	-	-	-	-	-	-	-	-	
Other	92,656	237,728	330,384	90	5,358	2,765	3,407	6,314	7,022				
Net Assets Released from Restrictions -													
Restrictions Satisfied by Time and Payments	9,153,404	(9,153,404)	-	-	-	-	-	-	-	-	-	-	
TOTAL SUPPORT AND REVENUES:-	9,651,267	(232,373)	9,418,894	94,470	222,506	135,971	179,147	244,887	168,105				
EXPENSES:-													
PROGRAM SERVICES -													
Energy	2,286,527	-	2,286,527	-	-	-	-	-	-	-	-	-	
Early Childhood Development	6,254,735	-	6,254,735	-	-	-	-	-	-	-	-	-	
Housing Services	192,146	-	192,146	94,265	237,519	194,474	215,611	312,487	210,856				
Educational Services	24,218	-	24,218	-	-	-	-	-	-	-	-	-	
Community Development	207,827	-	207,827	-	-	-	-	-	-	-	-	-	
SUBTOTAL - PROGRAM SERVICES:-	8,965,453	-	8,965,453	94,265	237,519	194,474	215,611	312,487	210,856				
SUPPORT SERVICES -													
Management and General	475,761	-	475,761	38,121	74,947	49,574	68,357	86,302	51,336				
TOTAL EXPENSES:-	9,441,214	-	9,441,214	132,386	312,466	244,048	283,968	398,789	262,192				
CHANGE IN NET ASSETS BEFORE ALLOCATION TO NONCONTROLLING INTEREST AND CONSIDERATION TRANSFERRED:-													
210,053	(232,373)	(22,320)	(37,916)	(89,960)	(108,077)	(104,821)	(153,902)	(94,087)					
PLUS: Excess of Consideration Transferred Over Net Assets Acquired in Acquisition of Head Start Program	-	592,615	592,615	-	-	-	-	-	-	-	-	-	
LESS: Change in Net Assets Attributable to Noncontrolling Interest	-	-	-	-	-	-	-	-	-	-	-	-	
CHANGE TO NET ASSETS ATTRIBUTABLE TO CONTROLLING INTEREST:-	\$ 210,053	\$ 360,242	\$ 570,295	\$ (37,916)	\$ (89,960)	\$ (108,077)	\$ (104,821)	\$ (153,902)	\$ (94,087)				

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

	TUSHIM MANOR, INC.	ALAMEDA GARDENS, INC.	FARRELL HOUSING LIMITED PARTNERSHIP	PRIMROSE APARTMENTS, INC.	ELIMINATIONS	CONSOLIDATED		
	WITHOUT DONOR RESTRICTIONS	WITHOUT DONOR RESTRICTIONS	WITHOUT DONOR RESTRICTIONS	WITHOUT DONOR RESTRICTIONS		WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
SUPPORT AND REVENUES:-								
Grants and Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 139,521	\$ 139,521
Contribution of Nonfinancial Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,253	\$ -	\$ 84,253
Service Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,764	\$ -	\$ 1,764
Administrative Fees	122,065	152,076	172,529	261,051	\$ -	1,775,545	37,230	1,812,775
Rental Income	1,572	169	2	1,059	\$ -	153,688	59,653	213,341
Investment Return	\$ -	\$ -	\$ -	\$ -	\$ -	(10,054)	\$ -	(10,054)
Loss on Sale of Assets	990	3,040	4,419	25	\$ -	126,086	237,728	363,814
Other								
Net Assets Released from Restrictions -						9,153,404	(9,153,404)	
Restrictions Satisfied by Time and Payments								
	<u>124,627</u>	<u>155,285</u>	<u>176,950</u>	<u>262,135</u>	<u>(130,664)</u>	<u>11,284,686</u>	<u>(232,373)</u>	<u>11,052,313</u>
TOTAL SUPPORT AND REVENUES:-								
EXPENSES:-								
PROGRAM SERVICES -								
Energy	\$ -	\$ -	\$ -	\$ -	\$ -	2,286,527	\$ -	2,286,527
Early Childhood Development	\$ -	\$ -	\$ -	\$ -	\$ -	6,254,735	\$ -	6,254,735
Housing Services	166,364	200,343	265,741	324,315	\$ -	2,414,121	\$ -	2,414,121
Educational Services	\$ -	\$ -	\$ -	\$ -	\$ -	24,218	\$ -	24,218
Community Development	\$ -	\$ -	\$ -	\$ -	\$ -	207,827	\$ -	207,827
	<u>166,364</u>	<u>200,343</u>	<u>265,741</u>	<u>324,315</u>	<u>\$ -</u>	<u>11,187,428</u>	<u>\$ -</u>	<u>11,187,428</u>
SUBTOTAL - PROGRAM SERVICES:-								
SUPPORT SERVICES -								
Management and General	<u>46,374</u>	<u>57,214</u>	<u>40,294</u>	<u>80,165</u>	<u>(130,664)</u>	<u>937,781</u>	<u>\$ -</u>	<u>937,781</u>
	<u>212,738</u>	<u>257,557</u>	<u>306,035</u>	<u>404,480</u>	<u>(130,664)</u>	<u>12,125,209</u>	<u>\$ -</u>	<u>12,125,209</u>
CHANGE IN NET ASSETS BEFORE ALLOCATION TO NONCONTROLLING INTEREST AND CONSIDERATION TRANSFERRED:-								
	(88,111)	(102,272)	(129,085)	(142,345)	\$ -	(840,523)	(232,373)	(1,072,896)
PLUS: Excess of Consideration Transferred Over Net Assets Acquired in Acquisition of Head Start Program								
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 592,615	\$ 592,615
LESS: Change in Net Assets Attributable to Noncontrolling Interest								
	\$ -	\$ -	<u>63,897</u>	\$ -	\$ -	<u>63,897</u>	\$ -	<u>63,897</u>
CHANGE TO NET ASSETS ATTRIBUTABLE TO CONTROLLING INTEREST:-								
	<u>\$ (88,111)</u>	<u>\$ (102,272)</u>	<u>\$ (65,188)</u>	<u>\$ (142,345)</u>	<u>\$ -</u>	<u>\$ (776,626)</u>	<u>\$ 360,242</u>	<u>\$ (416,384)</u>

STATEMENT OF SUPPORT AND REVENUES, AND EXPENSES BY PROGRAM

YEAR ENDED JUNE 30, 2024

CORPORATE ACTIVITIES	WITHOUT DONOR RESTRICTIONS				WITH DONOR RESTRICTIONS				2022 - 2023 L.I.H.E.A.P. WEATHERIZATION	2023 - 2024 L.I.H.E.A.P. WEATHERIZATION
	2023 UTILITY COMPANY WEATHERIZATION	2024 UTILITY COMPANY WEATHERIZATION	AGENCY RENTAL ACTIVITIES	WITHOUT DONOR RESTRICTIONS SUBTOTAL	2023 COMMUNITY SERVICE BLOCK GRANT	2024 COMMUNITY SERVICE BLOCK GRANT	2023 COMMUNITY DEVELOPMENT BLOCK GRANT			
SUPPORT AND REVENUES:-										
Grants and Contributions	\$ -	\$ -	\$ -	\$ -	\$ 231,651	\$ 135,765	\$ 4,421	\$ 168,883	\$ 866,273	
Contribution of Nonfinancial Assets	-	-	-	-	-	-	-	-	-	
Service Fees	-	46,437	37,816	84,253	-	-	-	-	-	
Administrative Fees	132,428	-	-	132,428	-	-	-	-	-	
Rental Income	-	-	48,456	48,456	-	-	-	-	-	
Investment Return	150,124	-	-	150,124	-	-	-	-	-	
Loss on Sale of Assets	-	-	(10,054)	(10,054)	-	-	-	-	-	
Other	92,656	-	-	92,656	-	-	-	-	-	
TOTAL SUPPORT AND REVENUES:-	375,208	46,437	37,816	38,402	497,863	231,651	135,765	4,421	168,883	866,273
EXPENSES:-										
Wages and Fringe Benefits	9,947	14,476	19,321	11,975	55,719	124,013	79,910	3,906	12,397	67,354
Contracted Services	-	-	-	-	-	-	-	-	-	
Program Supplies	13,832	103	352	114	14,401	4,726	3,530	-	-	
Insurance	6,131	464	2,144	7,401	16,140	7,406	-	-	-	980
Office Supplies	535	1,292	2,298	855	4,980	8,964	7,352	359	13	2,756
Duplicating/Printing	(12,931)	3,907	5,617	77	(3,330)	5,019	7,393	-	-	160
Telephone	1,456	245	212	287	2,200	2,286	1,716	156	334	1,165
Travel and Conference	646	-	-	479	1,125	440	138	-	-	-
Advertising	4,576	-	685	106	5,367	-	-	-	-	-
Dues and Subscriptions	1,757	-	-	-	1,757	2,103	3,858	-	-	-
Legal and Professional	28,089	195	2,560	1,334	32,178	4,033	5,241	-	-	15,497
Space Costs	-	851	372	39,033	40,256	10,642	10,017	-	329	1,700
Vehicle and Operating Maintenance	-	75	302	1,032	1,409	-	-	-	670	1,179
Equipment Purchase/Lease	-	-	1	4	5	23,072	641	-	-	46
Equipment Maintenance	-	936	-	-	936	-	-	-	-	1,324
Subcontract - Materials	-	3,162	2,706	-	5,868	-	-	-	123,731	576,906
Subcontract - Labor	-	35,498	24,383	531	60,412	-	-	-	31,408	202,457
Contribution to Local Government	-	-	-	-	-	-	-	-	-	-
Client Assistance	3,460	-	-	-	3,460	39,016	15,968	-	-	-
Entertainment	17,642	-	-	-	17,642	-	-	-	-	-
Health and Safety	-	-	-	-	-	-	-	-	-	-
Other	1,733	258	(2,435)	-	(444)	-	-	-	-	-
Depreciation	26,983	-	-	-	26,983	-	-	-	-	-
Software Maintenance/Purchase	-	-	-	746	746	-	-	-	-	-
In-Kind	-	-	-	-	-	-	-	-	-	-
Meals	-	-	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-	-	-	-
Technology	-	-	-	-	-	-	-	-	-	-
Classroom	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES:-	103,856	61,462	58,518	63,974	287,810	231,720	135,764	4,421	168,882	871,524
PROGRAM INCOME (LOSS):-	\$ 271,352	\$ (15,025)	\$ (20,702)	\$ (25,572)	\$ 210,053	\$ (69)	\$ 1	\$ -	\$ 1	\$ (5,251)

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

EXHIBIT "C"

PAGE 2 OF 3

STATEMENT OF SUPPORT AND REVENUES, AND EXPENSES BY PROGRAM

YEAR ENDED JUNE 30, 2024

WITH DONOR RESTRICTIONS														
	2022-2023 CLEAN & TUNE PILOT PROGRAM	2024 D.O.E. WEATHERIZATION	2024 D.O.E. WEATHERIZATION READINESS	2022 - 2027 D.O.E. BIL	WHOLE HOME REPAIR	2023 - 2024 HEAD START	2023 - 2024 HEAD START SUPPLEMENTAL ASSISTANCE	2023 - 2024 PRE-K COUNTS	2023 - 2024 CHILD & ADULT FOOD CARE	2023-2024 BHC HOUSING COUNSELING	2023-2024 BHC HOUSING	2024 BHC HOUSING	2024 BHC HOUSING PERSONNEL SUPPORT	
SUPPORT AND REVENUES:-														
Grants and Contributions	\$ 6,073	\$ 182,778	\$ 19,817	\$ 303,807	\$ 563,021	\$ 3,733,185	\$ 902,171	\$ 938,187	\$ 355,013	\$ -	\$ -	\$ -	\$ -	
Contribution of Nonfinancial Assets	-	-	-	-	-	139,521	-	-	-	-	-	-	-	
Service Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	
Administrative Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rental Income	-	-	-	-	-	-	-	-	-	-	-	37,230	-	
Investment Return	-	-	-	-	-	-	-	-	-	-	-	-	-	
Loss on Sale of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	3,636	-	-	-	-	4,900	12,000	15,500	
TOTAL SUPPORT AND REVENUES:-	6,073	182,778	19,817	303,807	563,021	3,876,342	902,171	938,187	355,013	4,900	49,230	15,500		
EXPENSES:-														
Wages and Fringe Benefits	5,781	60,175	7,245	136,800	35,958	2,812,203	720,314	759,519	22,064	5,099	24,507	15,434		
Contracted Services	-	-	-	-	-	-	-	-	-	-	-	-	-	
Program Supplies	-	-	-	-	-	83,321	18,717	6,600	-	-	-	69	-	
Insurance	-	660	79	2,977	295	10,158	1,166	726	-	-	-	2,966	-	
Office Supplies	-	2,597	222	5,340	745	1,510	28	37	-	123	1,003	-	-	
Duplicating/Printing	-	-	13	168	55	8,517	1,948	2,007	-	-	-	51	-	
Telephone	101	533	389	2,933	411	65,509	14,172	12,135	-	224	431	383	-	
Travel and Conference	-	-	-	-	427	41,523	6,098	7,011	260	-	109	-	-	
Advertising	-	183	-	460	2,124	31,957	7,177	5,614	-	-	29	-	-	
Dues and Subscriptions	-	-	-	-	-	4,956	1,160	126	350	-	-	-	-	
Legal and Professional	-	3,293	418	819	769	80,198	17,560	11,835	-	65	1,265	-	-	
Space Costs	154	1,099	507	1,567	1,940	82,640	28,364	10,721	-	-	24,010	-	-	
Vehicle and Operating Maintenance	37	2,111	246	3,429	-	5,278	329	373	-	-	727	-	-	
Equipment Purchase/Lease	-	224	8	36	16	-	58,154	44,987	-	-	-	-	-	
Equipment Maintenance	-	-	-	-	520,281	3,343	1,635	1,061	1,469	-	-	-	-	
Subcontract - Materials	-	42,824	9,498	60,745	-	-	-	-	-	-	-	-	-	
Subcontract - Labor	-	55,693	1,211	73,779	-	-	-	-	-	-	-	550	-	
Contribution to Local Government	-	-	-	-	-	-	-	-	-	-	-	-	-	
Client Assistance	-	-	-	-	-	-	-	-	-	315	-	-	-	
Entertainment	-	-	-	-	-	-	-	-	-	-	-	-	-	
Health and Safety	-	13,558	-	14,753	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	88,038	21,117	20,305	15	-	-	-	-	-	
Depreciation	-	-	-	-	48,136	7,002	9,363	-	-	-	-	-	-	
Software Maintenance/Purchase	-	-	-	-	-	-	-	-	-	-	615	-	-	
In-Kind	-	-	-	-	139,521	-	-	-	-	-	-	-	-	
Meals	-	-	-	-	45,443	10,834	22,551	380,409	-	-	-	-	-	
Rent	-	-	-	-	99,169	-	-	-	-	-	-	-	-	
Technology	-	-	-	-	109,015	24,282	11,560	-	-	-	-	-	-	
Classroom	-	-	-	-	160,407	36,181	26,557	-	-	-	-	-	-	
TOTAL EXPENSES:-	6,073	182,950	19,836	303,806	563,021	3,920,842	976,238	953,088	404,567	5,826	56,332	15,817		
PROGRAM INCOME (LOSS):-	\$ -	\$ (172)	\$ (19)	\$ 1	\$ -	\$ (44,500)	\$ (74,067)	\$ (14,901)	\$ (49,554)	\$ (926)	\$ (7,102)	\$ (317)		

STATEMENT OF SUPPORT AND REVENUES, AND EXPENSES BY PROGRAM

YEAR ENDED JUNE 30, 2024

WITH DONOR RESTRICTIONS												
	2023 - 2024 REGIONAL VETERAN SERVICES PROGRAM	2024 - 2025 REGIONAL VETERAN SERVICES PROGRAM	2022-2023 MON VALLEY INITIATIVE HOUSING COUNSELING	2023-2024 MON VALLEY INITIATIVE HOUSING COUNSELING	2023-2024 EMERGENCY SERVICES GRANT	EMERGENCY RENTAL & UTILITY ASSISTANCE PROGRAM	2022 EMERGENCY RENTAL ASSISTANCE PROGRAM II	LOTS-to-LOVE	SHARON STATE TOWERS	WITH DONOR RESTRICTIONS SUBTOTAL	TOTAL	
<u>SUPPORT AND REVENUES:-</u>												
Grants and Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,854	\$ -	\$ 8,446,899	\$ 8,446,899	
Contribution of Nonfinancial Assets	-	-	-	-	-	-	-	-	-	139,521	139,521	
Service Fees	-	-	-	-	-	-	-	-	-	-	84,253	
Administrative Fees	-	-	-	-	-	-	-	-	-	-	132,428	
Rental Income	-	-	-	-	-	-	-	-	-	37,230	85,686	
Investment Return	-	-	-	-	-	-	-	59,653	-	59,653	209,777	
Loss on Sale of Assets	-	-	-	-	-	-	-	-	-	-	(10,054)	
Other	15,313	13,820	6,411	11,697	53,428	3,486	1,500	96,037	-	237,728	330,384	
TOTAL SUPPORT AND REVENUES:-	15,313	13,820	6,411	11,697	53,428	3,486	1,500	191,544	-	8,921,031	9,418,894	
<u>EXPENSES:-</u>												
Wages and Fringe Benefits	12,077	8,117	5,863	8,494	40,584	-	1,808	98,421	-	5,068,043	5,123,762	
Contracted Services	-	-	-	-	-	-	-	-	-	-	-	
Program Supplies	2,665	-	38	3	-	-	-	48	-	119,717	134,118	
Insurance	1,036	-	-	149	881	-	-	-	-	29,479	45,619	
Office Supplies	500	790	84	858	3,806	10	-	3,034	(961)	39,170	44,150	
Duplicating/Printing	14	8	17	51	3	-	1	-	-	25,425	22,095	
Telephone	1,240	311	240	330	1,473	-	20	1,989	-	108,481	110,681	
Travel and Conference	39	129	-	-	729	-	-	1,383	-	58,286	59,411	
Advertising	-	-	-	-	-	-	-	-	-	47,544	52,911	
Dues and Subscriptions	-	-	-	-	15	-	-	-	-	12,568	14,325	
Legal and Professional	-	421	-	1,257	509	547	-	1,598	-	145,325	177,503	
Space Costs	806	509	452	516	2,454	-	-	-	-	178,427	218,683	
Vehicle and Operating Maintenance	-	-	-	-	-	-	-	-	-	14,379	15,788	
Equipment Purchase/Lease	-	9	-	40	1	-	-	33	-	127,267	127,272	
Equipment Maintenance	-	-	-	-	-	-	-	-	-	529,113	530,049	
Subcontract - Materials	-	-	-	-	-	-	-	-	-	813,704	819,572	
Subcontract - Labor	-	-	-	-	-	18,982	-	-	-	384,080	444,492	
Contribution to Local Government	-	-	-	-	-	-	-	70,741	-	70,741	70,741	
Client Assistance	-	-	-	-	-	-	-	26,114	-	81,413	84,873	
Entertainment	-	-	-	-	-	-	-	-	-	-	17,642	
Health and Safety	-	-	-	-	-	-	-	-	-	28,311	28,311	
Other	-	-	-	-	-	5,984	-	1,000	4,427	140,886	140,442	
Depreciation	-	-	-	-	-	-	-	-	-	64,501	91,484	
Software Maintenance/Purchase	-	-	-	-	-	-	-	-	-	615	1,361	
In-Kind	-	-	-	-	-	-	-	-	-	139,521	139,521	
Meals	-	-	-	-	-	-	-	-	-	459,237	459,237	
Rent	-	-	-	-	-	-	-	-	-	99,169	99,169	
Technology	-	-	-	-	-	-	-	-	-	144,857	144,857	
Classroom	-	-	-	-	-	-	-	-	-	223,145	223,145	
TOTAL EXPENSES:-	18,377	10,294	6,694	11,698	50,455	25,523	1,829	204,361	3,466	9,153,404	9,441,214	
PROGRAM INCOME (LOSS):-	\$ (3,064)	\$ 3,526	\$ (283)	\$ (1)	\$ 2,973	\$ (22,037)	\$ (329)	\$ (12,817)	\$ (3,466)	\$ (232,373)	\$ (22,320)	

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	ASSISTANCE LISTING NO.	PASS-THROUGH ENTITY IDENTIFYING NO.	PASSED THROUGH TO SUBRECIPIENTS	GRANT PERIOD BEGINNING/ENDING DATE	PROGRAM OR AWARD AMOUNT	ACCrued (DEFERRED)		ACCrued (DEFERRED)					
						REVENUE AS OF JULY 1, 2023	FEDERAL FUNDS RECEIVED	RELATED EXPENDITURES					
<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	Not Available	N/A	7/1/22 - 6/30/23	\$ 291,308	\$ 43,769	\$ 43,769	\$ -					
Child and Adult Care Food Program	10.558	300431120	N/A	7/1/23 - 6/30/24	355,013	-	353,439	355,013					
<u>TOTAL U.S. DEPARTMENT OF AGRICULTURE:-</u>						43,769	397,208	355,013					
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:-</u>													
<u>Passed Through the Mon Valley Initiative -</u>													
Housing Counseling Assistance Program 21-22	14.169	HC200011011-80097	N/A		7,542	7,499	7,499	-					
Housing Counseling Assistance Program 22-23	14.169	HC200011011-80098	N/A		16,246	16,246	-	6,411					
Housing Counseling Assistance Program 23-24	14.169	HC230011019	N/A	4/1/23 - 9/30/24	11,697	-	-	11,697					
<u>Passed Through the City of Sharon -</u>													
Community Development Entitlement Grant	14.218	Not Available	N/A		20,000	-	20,000	4,421					
Community Development Entitlement Grant	14.218	Not Available	N/A	10/1/22-9/30/23	40,000	(283)	-	(15,579)					
Community Development Entitlement Grant	14.218	Not Available	N/A	3/1/23-9/30/23	40,000	(40,000)	-	283					
Community Development Entitlement Grant	14.218	Not Available	N/A	10/1/23-9/30/24	40,000	-	40,000	-					
<u>SUBTOTAL CDBG - ENTITLEMENT GRANTS CLUSTER:-</u>					(40,283)		60,000	58,358					
<u>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:-</u>					(16,538)		67,499	76,466					
<u>U.S. DEPARTMENT OF ENERGY:-</u>								(7,571)					
<u>Passed Through Pennsylvania Department of Community and Economic Development -</u>													
<u>Weatherization Assistance for Low Income Persons (BIL)</u>													
Weatherization Assistance for Low Income Persons 22-23 - Readiness	81.042	C000082796	N/A	7/1/22-6/30/27	1,457,462	65,078	305,648	303,806					
Weatherization Assistance for Low Income Persons 23-24	81.042	C000082796	N/A	7/1/22-6/30/23	24,590	16,772	16,772	-					
Weatherization Assistance for Low Income Persons 23-24 - Readiness	81.042	C000082796	N/A	7/1/22-6/30/23	368,055	21,170	21,170	-					
Weatherization Assistance for Low Income Persons 23-24	81.042	C000082796	N/A	7/1/23-6/30/24	182,778	-	69,748	182,778					
Weatherization Assistance for Low Income Persons 23-24 - Readiness	81.042	C000082796	N/A	7/1/23-6/30/24	28,737	-	19,844	19,817					
<u>TOTAL U.S. DEPARTMENT OF ENERGY:-</u>					103,020		433,182	506,401					
								176,239					

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

EXHIBIT "D"
PAGE 2 OF 2

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	ASSISTANCE LISTING NO.	PASS-THROUGH ENTITY IDENTIFYING NO.	PASSED THROUGH TO SUBRECIPIENTS	GRANT PERIOD BEGINNING/ENDING DATE	PROGRAM OR AWARD AMOUNT	ACCrued (DEFERRED) REVENUE AS OF JULY 1, 2023	FEDERAL FUNDS RECEIVED	ACCrued (DEFERRED) REVENUE AS OF JUNE 30, 2024	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:-									
<u>Passed Through Pennsylvania Department of Community and Economic Development -</u>									
Low Income Home Energy Assistance Program 22-23 Clean & Tune	93.568	C000073845	N/A	10/1/22-9/30/23	97,573	21,543	27,616	6,073 -	
Low Income Home Energy Assistance Program - AC Cooling 22-23	93.568	C000073845	N/A	10/1/22-9/30/23	1,067,075	270,817	439,116	168,299 -	
Low Income Home Energy Assistance Program	93.568	C000073845	N/A	10/1/23-9/30/24	927,953	-	710,325	866,273	155,948
SUBTOTAL ASSISTANCE LISTING NO. 93.568:-					292,360	1,177,057	1,040,645	155,948	
<u>Passed Through Pennsylvania Department of Community and Economic Development -</u>									
Community Services Block Grant 2023	93.569	C000082016	N/A	1/1/23-3/31/24	266,884	48,978	232,076	183,098 -	
Community Services Block Grant 2024	93.569	C000082016	N/A	1/1/24-12/31/24	132,599	-	61,751	135,765	74,014
Community Services Block Grant 2023 Discretionary	93.569	C000082016	N/A	10/1/22-3/31/24	48,703	-	48,533	48,533	-
SUBTOTAL 477 CLUSTER:-					48,978	342,360	367,396	74,014	
Administration for Children and Families - Head Start	93.600	03CH2247/27	N/A	7/1/93-6/30/94	1,109,428	(8,649)	-	-	(8,649)
Administration for Children and Families - Head Start	93.600	03CH2247/28	N/A	7/1/94-6/30/95	1,285,427	(5,910)	-	-	(5,910)
Administration for Children and Families - Early Intervention	93.600	03YC0034/01	N/A	7/1/98-6/30/99	366,493	(11,417)	-	-	(11,417)
Administration for Children and Families - Early Intervention	93.600	03YC0034/02	N/A	7/1/99-6/30/00	424,137	(11,376)	-	-	(11,376)
Administration for Children and Families - Head Start	93.600	03CF2247/35	N/A	7/1/01-6/30/02	2,097,209	(10,000)	-	-	(10,000)
Administration for Children and Families - Head Start	93.600	03CH2247/41	N/A	7/1/07-6/30/08	1,993,349	(26,299)	-	-	(26,299)
Administration for Children and Families - Early Intervention	93.600	03YC0034/04	N/A	7/1/01-6/30/02	493,724	(28,351)	-	-	(28,351)
Administration for Children and Families - Head Start	93.600	03CH010589/05	N/A	7/1/18-6/30/23	2,496,320	746,902	762,247	-	(15,345)
Administration for Children and Families - Early Intervention	93.600	03CH010589/05	N/A	7/1/18-6/30/23	795,150	149,659	171,213	-	(21,554)
Administration for Children and Families - Head Start	93.600	03CH012296-01-00	N/A	7/1/23-6/30/24	4,585,466	-	3,933,533	3,733,185	(200,348)
SUBTOTAL HEAD START CLUSTER:-					794,559	4,866,993	3,733,185	(339,249)	
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:-					1,135,897	6,386,410	5,141,226	(109,287)	
TOTAL FEDERAL ASSISTANCE:-					\$ 1,266,148	\$ 7,284,299	\$ 6,079,106	\$ 60,955	

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, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some of the amounts presented in the schedule may differ from amounts presented in or used in the preparation of the basic financial statements. Because the Schedule presents only a selected portion of the operations of Community Action Partnership of Mercer County, Inc. and Affiliate, it is not intended to and does not present the basic financial statements of Community Action Partnership of Mercer County, Inc., and Affiliates.

2. 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 Affiliates under programs of the federal government for the year ended June 30, 2024. 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).

3. INDIRECT COST RATE

Community Action Partnership of Mercer County, Inc., and Affiliates has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Black, Bashor & Porsch, LLP
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Community Action 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, 2024, 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 March 31, 2025.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002, and 2024-003 that we consider to be material weaknesses.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as item 2024-003.

Community Action Partnership of Mercer County, Inc. and Affiliates' Response to Findings

Community Action Partnership of Mercer County, Inc. and Affiliates' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Community Action Partnership of Mercer County, Inc. and Affiliates response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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

Sharon, Pennsylvania
March 31, 2025

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

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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAMS

Opinion on Each Major Federal Program

We have audited Community Action Partnership of Mercer County, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on Community Action Partnership of Mercer County, Inc.'s major federal program for the year ended June 30, 2024. Community Action Partnership of Mercer County, Inc.'s major federal program is 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 \$ 32,351,025 in federal awards that are not included in Community Action Partnership of Mercer County, Inc.'s schedule of expenditures of federal awards during the year ended June 30, 2024. 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.

In our opinion, Community Action Partnership of Mercer County, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-003. Our opinion on the major federal program is not modified with respect to these matters. Government Auditing Standards requires the auditor to perform limited procedures on Community Action Partnership of Mercer County, Inc.'s response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Community Action Partnership of Mercer County, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questions costs as items 2024-001, 2024-002 and 2024-003 to be material weaknesses.

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

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

Community Action Partnership of Mercer County, Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Community Action Partnership of Mercer County, Inc.'s response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Community Action Partnership of Mercer County, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of This Report

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.

Black, Bashor & Porsch, LLP

Sharon, Pennsylvania

March 31, 2025

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

1. Type of Auditors' Report Issued: Unmodified
2. Internal Control over Financial Reporting:
 - Material Weakness(es) Identified Yes No
 - Significant Deficiency(ies) Identified not Considered to be Material Weakness(es) Yes None Reported
3. Noncompliance Material to Financial Statements Noted Yes No

FEDERAL AWARDS

1. Internal Control over Major Programs:
 - Material Weakness(es) Identified Yes No
 - Significant Deficiency(ies) Identified not Considered to be Material Weakness(es) Yes None Reported
2. Type of Auditors' Report Issued on Compliance for the Major Programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(A)? Yes No

IDENTIFICATION OF MAJOR PROGRAMS:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.600	Administration for Children and Families - Head Start
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2024-001:

Criteria: The Organization receives federal assistance from the Department of Health and Human Services. The Organization requests draw down of grant funds based on actual expenditures incurred. The Organization is required to maintain adequate internal controls over financial reporting in order to ensure expenditures are properly supported, reported under the correct funding source, and within the correct grant period. 2 CFR 200.403 details the factors affecting the allowability of cost. Specifically, 2 CFR 200.403(e) provides that costs must be determined in accordance with generally accepted accounting principles (GAAP). GAAP provides that costs are not incurred until the services are performed or the product is received.

Condition: During audit procedures, we noted total reimbursements received exceeded expenditures. The Organization has charged costs to the program and received reimbursement; however, the products cost charged to the program had not been received prior to June 30, 2024. We consider this to be a material weakness.

Cause: Adjustments to various accounts for expenditures were not timely recorded within the Organizations books and records, therefore, the reports used in supporting draw down of funds were not accurately stated.

Effect: Inaccurate financial reporting of expenditures resulted in the Organization's reimbursement requests exceeding total program expenditures.

Recommendations: We recommend that all adjustments are accounted for in the books and records of the Organization, and that revenue and expenditure reports be reviewed for accuracy prior to submitting draw down requests. A reconciliation should be prepared of the expenditures recorded on the books and records to the amount submitted for reimbursement on a regular basis. All excess, unexpended funds should be returned to remain in compliance.

View of Responsible Officials: There is no disagreement with the audit finding. The Head Start Program obligated funds for supplies in June but did not receive the merchandise until August. Payables were entered in the accounting software from purchase orders then the checks were voided after the draw down occurred which caused the reports to be inaccurately stated.

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

Finding 2024-002:

Criteria: The Organization is required to maintain books and records to include all revenues and expenditures, and adjusting journal entries as deemed necessary, to prevent the Organization's financial statements from being materially misstated. Journal entries are to be made, when appropriate, to adjust balances including those relating to the federal and state grant assistance funding sources.

Condition: During the audit several journal entries were proposed. These entries would have a material effect on the financial statements if not proposed and recorded. We consider this to be a material weakness.

Cause: Due to inadequate staffing and lack of resources, regular/monthly reconciliations and review of the Organization's general ledger accounts caused various journal entries to be proposed during the audit. These entries affected various statement of financial position, revenues, and expenditure accounts.

Effect: The financial statements of the Organization would have been materially misstated if these journal entries were not proposed and recorded.

Recommendations: We recommend the Organization implement procedures to review the general ledger more carefully, including the statement of financial position, revenues and expenditure accounts. This review should include reconciliations where deemed necessary so that all amounts are recorded accurately, and on a timely basis.

View of Responsible Officials: There is no disagreement with the audit finding. The supplies that were ordered were not obligated correctly to the programs. The various journal entries to be proposed were to correct the cost allocations of the supplies, but there were still confusions as to what programs. The general ledger, balance sheet and expenditures are to be reviewed on a timely basis.

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

Finding 2024-003:

Criteria: The Organization receives federal assistance from the Department of Health and Human Services. The Organization requests draw down of grant funds based on actual expenditures incurred. The Organization is required to maintain adequate internal controls over financial reporting in order to ensure expenditures are properly supported, reported under the correct funding source, and within the correct grant period.

Condition: During audit procedures, we noted expenditures were charged to the federal funding source via adjusting journal entry for which adequate supporting documentation could not be provided. We consider this to be a material weakness.

Cause: An adjustment to reclassify expenditures from another funding source was recorded on the Organization's accounts. As a result, the reports used in supporting draw down of funds were not accurately stated.

Effect: Inaccurate financial reporting of expenditures resulted in the Organization's reimbursement requests exceeding total program expenditures.

Recommendations: We recommend the Organization implement procedures to review and approve all adjusting journal entries before they are posted to the Organization's accounts to ensure they are being charged to the correct funding source and supported by appropriate documentation.

View of Responsible Officials: There is no disagreement with the audit finding. There were various journal entries that were not timely reviewed and approved before they were posted. New staff have been hired to help with this. Community Action Partnership of Mercer County does not foresee this happening again in the future.

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

SECTION III - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS

Finding 2024-001:

Compliance Requirement	Costs Allowed or Allowable
Finding Type	Material Weakness
Federal Agency	U.S. Department of Health and Human Services
Federal Program Title	Administration for Children & Families - Head Start
Assistance Listing Number	93.600

Criteria: The Organization receives federal assistance from the Department of Health and Human Services. The Organization requests draw down of grant funds based on actual expenditures incurred. The Organization is required to maintain adequate internal controls over financial reporting in order to ensure expenditures are properly supported, reported under the correct funding source, and within the correct grant period. 2 CFR 200.403 details the factors affecting the allowability of cost. Specifically, 2 CRF 200.403(e) provides that costs must be determined in accordance with generally accepted accounting principles (GAAP). GAAP provides that costs are not incurred until the services are performed or the product is received.

Condition: During audit procedures, we noted total reimbursements received exceeded expenditures. The Organization has charged costs to the program and received reimbursement; however, the products cost charged to the program had not been received prior to June 30, 2024. We consider this to be a material weakness.

Questioned Costs: \$562,831

Cause: In an effort to obligate funds before the end of the grant period, certain expenditure amounts and adjustments to various accounts for products to be purchased were recorded as expenditures within the Organization's books and records before the products were received and a liability was incurred. Therefore, the reports used in supporting draw down of funds were not accurately stated.

Effect: Inaccurate financial reporting of expenditures resulted in the Organization's reimbursement requests exceeding total program expenditures.

Recommendations: We recommend that all expenditures and adjustments are accounted for in the books and records of the Organization when a liability has been incurred, and that revenue and expenditure reports be review for accuracy prior to submitting draw down requests. A reconciliation should be prepared of the expenditures recorded on the books and records to the amount submitted for reimbursement on a regular basis. All excess, unexpended funds from the current year as well as from prior year's should be returned to remain in compliance.

View of Responsible Officials: There is no disagreement with the audit finding. The Head Start Program obligated funds for supplies in June but did not receive the merchandise until August. Payables were entered in the accounting software from purchase orders then the checks were voided after the draw down occurred which caused the reports to be inaccurately stated.

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

Finding 2024-002:

Compliance Requirement	Costs Allowed or Allowable
Finding Type	Material Weakness
Federal Agency	U.S. Department of Health and Human Services
Federal Program Title	Administration for Children & Families - Head Start
Assistance Listing Number	93.600

Criteria: The Organization is required to maintain books and records to include all revenues and expenditures, and adjusting journal entries as deemed necessary, to prevent the Organization's books and records from being materially misstated. Journal entries are to be made, when appropriate, to adjust account balances including those relating to the federal and state grant assistance funding sources.

Condition: During the audit several adjusting journal entries were proposed. These entries would have a material effect on the financial statements if not proposed and recorded. We consider this to be a material weakness.

Questioned Costs: \$ - 0 -

Cause: Due to inadequate staffing and lack of resources, regular/monthly reconciliations and review of the Organization's general ledger accounts caused various journal entries to be proposed during the audit. These entries affected various statement of financial position, revenues, and expenditure accounts.

Effect: The financial statements of the Organization would have been materially misstated if these journal entries were not proposed and recorded.

Recommendations: We recommend the Organization implement procedures to review the general ledger more carefully, including the statement of financial position, revenues and expenditure accounts. This review should include reconciliations where deemed necessary so that all amounts are recorded accurately, and on a timely basis.

View of Responsible Officials: There is no disagreement with the audit finding. The supplies that were ordered were not obligated correctly to the programs. The various journal entries to be proposed were to correct the cost allocations of the supplies, but there were still confusions as to what programs. The general ledger, balance sheet and expenditures are to be reviewed on a timely basis.

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

Finding 2024-003:

Compliance Requirement	Costs Allowed or Allowable
Finding Type	Noncompliance
Federal Agency	U.S. Department of Health and Human Services
Federal Program Title	Administration for Children & Families - Head Start
Assistance Listing Number	93.600

Criteria: The Organization receives federal assistance from the Department of Health and Human Services and from the state of Pennsylvania. The Organization requests draw down of grant funds based on actual expenditures incurred. The Organization is required to maintain adequate internal controls over financial reporting in order to ensure expenditures are properly supported, reported under the correct funding source, and within the correct grant period.

Condition: During audit procedures, we noted expenditures were charged to the program via adjusting journal entry for which adequate supporting documentation could not be provided. We consider this to be a material weakness.

Questioned Costs: \$159,598

Cause: An adjustment to reclassify expenditures from another funding source was recorded on the Organization's accounts. As a result, the reports used in supporting draw down of federal funds were not accurately stated.

Effect: Inaccurate financial reporting of expenditures resulted in the Organization's reimbursement requests exceeding total program expenditures.

Recommendations: We recommend the Organization implement procedures to review and approve all adjusting journal entries before they are posted to the Organization's accounts to ensure they are being charged to the correct funding source and supported by appropriate documentation.

View of Responsible Officials: There is no disagreement with the audit finding. There were various journal entries that were not timely reviewed and approved before they were posted. New staff have been hired to help with this. Community Action Partnership of Mercer County does not foresee this happening again in the future.

COMMUNITY ACTION PARTNERSHIP OF MERCER COUNTY, INC. AND AFFILIATES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

SECTION IV - PRIOR YEAR FINDINGS

See management summary of prior audit findings.



Community Action Partnership of Mercer County
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Wilma V. Torres
President & CEO

CAPMC Board Officers

Karen Winner-Sed, Chair
Terry Harrison, Vice-Chair
Chelsea Sinclair, Secretary
Tim McGonigle, Treasurer

CAPMC PROGRAMS

ENERGY SERVICES:

- Weatherization
- LIHEAP Crisis
- Penn Power Warm
- National Fuel - Furnace Repair or Replacement
- Neighbor to Neighbor Heat Fund Program

FAMILY SERVICES:

- SSVF-Support Services for Veterans & Families
- Emergency Solutions for Homeless Families
- Water Assistance Program
- Master Leasing Housing Assistance
- Housing & Budget Counseling
- Assets-IDA Program

SENIOR HOUSING SERVICES:

- Affordable Apartments for Seniors 62+, 9 locations serving Mercer, Allegheny, Beaver, Butler, and Erie Counties.

COMMUNITY INITIATIVES:

- Lots to Love Project



CAPMC will not discriminate based on race, color, religion, gender, age, national origin, ability, marital status, sexual orientation or military status in provision of services, activities or operations. We are an equal opportunity employer.

March 31, 2025

RE: Corrective Action Plan

Finding 2024-001

Condition: During audit procedures, it was noted total reimbursements received exceeded expenditures. The Organization has charged costs to the program and received reimbursement; however, the products cost charged to the program had not been received prior to June 30, 2024.

Corrective Actions: Going forward, the Organization will review all vouchers being charged to the program to make sure costs have been incurred before being charged to the program.

Employee Responsible for Corrective Action: Michelle Clarke

Completion Date: March 31, 2025

Finding 2024-002

Condition: During the audit several adjusting journal entries were proposed. These entries would have a material effect on the financial statements if not proposed and recorded.

Corrective Actions: Going forward, the Organization will implement procedures to perform a more comprehensive monthly closing, especially at year end, to ensure that all general ledger accounts are reviewed and reconciled to arrive at a complete and accurate set of books and records to be audited.

Employee Responsible for Corrective Action: Michelle Clarke

Completion Date: March 31, 2025

Finding 2024-003

Condition: During audit procedures, we noted expenditures were charged to the program via adjusting journal entry for which adequate supporting documentation could not be provided.

Corrective Actions: Going forward, the Organization will implement procedures requiring supporting documentation for all journal entries made to the program to ensure that amount charged to the program are actual expenses/expenditure of the program

Employee Responsible for Corrective Action: Michelle Clarke

Completion Date: March 31, 2025

Sincerely,

Michelle Clarke

Michelle Clarke, CFO

724-342-6222 Ext. 11

"Helping People Help Themselves Through Community Partnering That Provides Opportunities to Live with Decency and Dignity"



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Chelsea Sinclair, Secretary
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CAPMC PROGRAMS

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- Penn Power Warm
- National Fuel - Furnace Repair or Replacement
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Management Summary of Prior Audit Findings

Findings 2023-001: Federal Award Finding

Assistance Listing Number: 93.568

Condition: The Organization has charged audit costs to the program and received reimbursement; however, the audit cost charged to the program had not yet been incurred prior to June 30, 2023.

Current Status: This finding was not repeated

"Helping People Help Themselves Through Community Partnering That Provides Opportunities to Live with Decency and Dignity"