



Community Progress Council, Inc.

Financial Statements and Supplementary Information

June 30, 2023 and 2022



Community Progress Council, Inc.

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Community Progress Council, Inc. (the Council), which comprise the statement of financial position as of June 30, 2023 and 2022, and the related statements of activities, changes in net assets, functional expenses - by natural classification, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with the 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 audit opinion.

Emphasis of Matter

As discussed in Note 2 of the financial statements, effective July 1, 2022, the Council adopted new accounting guidance under Accounting Standards Codification Topic 842, *Leases*. Our conclusion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about the Council's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, including the 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*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, including the schedule of expenditures of federal awards, is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2024 on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

RKL LLP

January 22, 2024
York, Pennsylvania

Community Progress Council, Inc.

Statement of Financial Position

	June 30,	
	2023	2022
Assets		
Current Assets		
Cash	\$ 8,067,814	\$ 4,190,755
Accounts receivable	1,150,945	1,240,877
Promises to give	57,553	85,700
Prepaid expenses	153,581	153,315
Total Current Assets	9,429,893	5,670,647
Property and Equipment, Net	1,164,220	524,241
Other Assets		
Restricted cash	341,105	279,684
Right-of-use assets - operating leases	474,719	-
Total Other Assets	815,824	279,684
Total Assets	\$ 11,409,937	\$ 6,474,572
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 542,278	\$ 267,274
Refundable advances	7,504,770	4,211,974
Accrued payroll and payroll taxes	279,104	200,576
Current portion of operating lease liability	100,762	-
Total Current Liabilities	8,426,914	4,679,824
Long-Term Liabilities		
Operating lease liability	374,562	-
Total Liabilities	8,801,476	4,679,824
Net Assets		
Without donor restrictions	2,209,803	1,429,364
With donor restrictions	398,658	365,384
Total Net Assets	2,608,461	1,794,748
Total Liabilities and Net Assets	\$ 11,409,937	\$ 6,474,572

Community Progress Council, Inc.

Statement of Activities

	Year Ended June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Grant revenue	\$ 25,420,220	\$ -	\$ 25,420,220
In-kind contributions	300,795	-	300,795
Contributions	69,377	101,049	170,426
Other income	81,566	-	81,566
Gain on sale of property and equipment	-	-	-
Net assets released from restrictions	67,775	(67,775)	-
Total Support and Revenue	25,939,733	33,274	25,973,007
Expenses			
Program services	23,581,160	-	23,581,160
Supporting services			
Management and general	1,578,134	-	1,578,134
Total Expenses	25,159,294	-	25,159,294
Changes in Net Assets	\$ 780,439	\$ 33,274	\$ 813,713

Community Progress Council, Inc.

Statement of Activities (continued)

	Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Grant revenue	\$ 35,377,654	\$ -	\$ 35,377,654
In-kind contributions	261,102	-	261,102
Contributions	22,395	123,001	145,396
Other income	11,402	-	11,402
Gain on sale of property and equipment	3,000	-	3,000
Net assets released from restrictions	53,706	(53,706)	-
Total Support and Revenue	35,729,259	69,295	35,798,554
Expenses			
Program services	34,305,191	-	34,305,191
Supporting services			
Management and general	1,551,183	-	1,551,183
Total Expenses	35,856,374	-	35,856,374
Changes in Net Assets	\$ (127,115)	\$ 69,295	\$ (57,820)

Community Progress Council, Inc.

Statement of Changes in Net Assets

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets at June 30, 2021	\$ 1,556,479	\$ 296,089	\$ 1,852,568
Changes in net assets	<u>(127,115)</u>	<u>69,295</u>	<u>(57,820)</u>
Net Assets at June 30, 2022	1,429,364	365,384	1,794,748
Changes in net assets	<u>780,439</u>	<u>33,274</u>	<u>813,713</u>
Net Assets at June 30, 2023	<u>\$ 2,209,803</u>	<u>\$ 398,658</u>	<u>\$ 2,608,461</u>

Community Progress Council, Inc.

Statement of Functional Expenses - by Natural Classification

Year Ended June 30, 2023								
	Program Services					Supporting Services		Totals
	Head Start/ Early Head Start	Pre-K Counts	Women, Infants, and Children	Rental Assistance	Other Programs	Total Program Services	Management and General	
Specific assistance	\$ 2,161	\$ -	\$ 26,899	\$ 12,408,309	\$ 118,536	\$ 12,555,905	\$ 111	\$ 12,556,016
Salaries and wages	3,716,409	215,387	878,137	345,901	953,982	6,109,816	852,471	6,962,287
Employee benefits and payroll taxes	1,054,424	64,797	242,785	87,775	234,956	1,684,737	168,579	1,853,316
Contracted services	171,464	-	828	88,243	54,000	314,535	230,240	544,775
Rent	157,305	-	59,808	-	265,660	482,773	34,867	517,640
Supplies	367,325	6,291	35,088	42,238	44,734	495,676	17,434	513,110
Repairs and maintenance	222,490	686	26,229	3,971	76,244	329,620	2,788	332,408
Staff development	169,214	1,802	8,465	1,264	40,742	221,487	42,388	263,875
Food	241,729	19,559	-	-	1,298	262,586	855	263,441
Utilities	117,292	1,030	30,757	3,297	66,014	218,390	5,967	224,357
Transportation	180,137	1,805	14,611	-	10,331	206,884	1,506	208,390
Advertising	77,035	25	19,747	21,375	19,428	137,610	14,303	151,913
Computer software and support	52,937	387	144	5,709	1,500	60,677	75,558	136,235
Depreciation	58,822	6,702	9,726	-	36,486	111,736	-	111,736
Insurance	77,085	4,937	8,951	2,035	4,437	97,445	6,123	103,568
Enrollment costs	-	-	-	-	101,440	101,440	-	101,440
Professional services	-	-	-	23,703	1,175	24,878	62,207	87,085
Equipment purchases and maintenance	29,830	-	3,961	5,370	14,085	53,246	29,839	83,085
Reproduction expense	12,645	185	3,345	984	6,350	23,509	10,403	33,912
Dues and memberships	12,349	466	-	-	1,615	14,430	12,725	27,155
Real estate taxes	26,788	-	-	-	-	26,788	-	26,788
Miscellaneous	-	-	-	-	15,731	15,731	6,503	22,234
Translation services	2,629	12	-	-	8,880	11,521	463	11,984
Internet	8,078	-	-	-	389	8,467	686	9,153
Postage	684	-	1,665	857	1,776	4,982	1,904	6,886
Parent activity	5,524	-	-	-	-	5,524	-	5,524
Field trips	767	-	-	-	-	767	-	767
Interest	-	-	-	-	-	-	214	214
	<u>\$ 6,765,123</u>	<u>\$ 324,071</u>	<u>\$ 1,371,146</u>	<u>\$ 13,041,031</u>	<u>\$ 2,079,789</u>	<u>\$ 23,581,160</u>	<u>\$ 1,578,134</u>	<u>\$ 25,159,294</u>

Community Progress Council, Inc.

Statement of Functional Expenses - by Natural Classification (continued)

	Year Ended June 30, 2022							
	Program Services					Supporting Services		
	Head Start/ Early Head Start	Pre-K Counts	Women, Infants, and Children	Rental Assistance	Other Programs	Total Program Services	Management and General	Totals
Specific assistance	\$ 466	\$ -	\$ 17,683	\$ 21,953,746	\$ 94,589	\$ 22,066,484	\$ 6,790	\$ 22,073,274
Salaries and wages	3,554,080	1,589,465	759,666	507,664	867,531	7,278,406	888,651	8,167,057
Employee benefits and payroll taxes	1,109,177	425,070	208,057	129,077	207,053	2,078,434	207,370	2,285,804
Contracted services	129,117	578	518	35,599	155,186	320,998	119,732	440,730
Rent	156,518	-	62,263	-	209,019	427,800	32,283	460,083
Supplies	316,556	41,891	60,979	14,305	42,827	476,558	16,656	493,214
Repairs and maintenance	140,626	366	25,854	9,945	64,399	241,190	954	242,144
Staff development	115,855	35,947	5,245	1,306	36,174	194,527	61,113	255,640
Food	180,688	8,746	7,812	-	-	197,246	296	197,542
Utilities	94,221	2,061	29,571	3,810	57,470	187,133	5,255	192,388
Transportation	113,568	3,124	5,657	22	3,743	126,114	509	126,623
Advertising	50	-	19,666	37,693	7,898	65,307	37,993	103,300
Computer software and support	28,263	823	144	596	-	29,826	82,197	112,023
Depreciation	38,631	-	4,628	-	33,656	76,915	-	76,915
Insurance	68,369	11,160	7,165	554	3,822	91,070	5,018	96,088
Enrollment costs	-	-	-	-	110,066	110,066	-	110,066
Professional services	-	-	-	3,750	-	3,750	51,025	54,775
Equipment purchases and maintenance	112,817	418	8,968	-	135,591	257,794	9,101	266,895
Reproduction expense	12,672	167	3,291	1,134	5,435	22,699	7,119	29,818
Dues and memberships	4,596	2,794	-	-	190	7,580	9,797	17,377
Real estate taxes	14,063	-	-	-	-	14,063	-	14,063
Miscellaneous	-	-	-	81	2,479	2,560	6,876	9,436
Translation services	807	34	-	267	2,277	3,385	1,005	4,390
Internet	10,142	-	-	-	613	10,755	495	11,250
Postage	484	11	3,447	2,293	2,763	8,998	948	9,946
Parent activity	4,958	-	-	-	-	4,958	-	4,958
Field trips	-	309	-	-	-	309	-	309
Interest	-	-	-	-	266	266	-	266
	<u>\$ 6,206,724</u>	<u>\$ 2,122,964</u>	<u>\$ 1,230,614</u>	<u>\$ 22,701,842</u>	<u>\$ 2,043,047</u>	<u>\$ 34,305,191</u>	<u>\$ 1,551,183</u>	<u>\$ 35,856,374</u>

See accompanying notes.

Community Progress Council, Inc.

Statement of Cash Flows

	Years Ended June 30,	
	2023	2022
Cash Flows from Operating Activities		
Changes in net assets	\$ 813,713	\$ (57,820)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	111,736	76,915
In-kind contributions - contributed property and equipment	-	(30,000)
Gain on sale of property and equipment	-	(3,000)
Amortization of right-of-use assets - operating leases included in rent expense	46,595	-
(Increase) decrease in assets		
Accounts receivable	89,932	23,121
Promises to give	28,147	80,000
Prepaid expenses	(266)	(118,916)
Increase (decrease) in liabilities		
Accounts payable	144,684	(119,308)
Refundable advances	3,292,796	1,234,481
Accrued payroll and payroll taxes	78,528	44,169
Operating lease liability	(45,990)	-
Net Cash Provided by Operating Activities	4,559,875	1,129,642
Cash Flows from Investing Activities		
Capital expenditures	(621,395)	(67,850)
Proceeds from sale of property and equipment	-	3,000
Net Cash Used in Investing Activities	(621,395)	(64,850)
Net Increase in Cash	3,938,480	1,064,792
Cash at Beginning of Year	4,470,439	3,405,647
Cash at End of Year	\$ 8,408,919	\$ 4,470,439
Cash is Comprised of the Following on the Statement of Financial Position		
Cash	\$ 8,067,814	\$ 4,190,755
Restricted cash	341,105	279,684
	\$ 8,408,919	\$ 4,470,439
Supplementary Cash Flows Information		
Interest paid	\$ 214	\$ 266

Community Progress Council, Inc.

Statement of Cash Flows (continued)

Supplementary Schedule of Noncash Investing and Financing Activities

In 2023

A right-of-use asset and corresponding operating lease liability of \$169,812 was recorded for facility leases in conjunction with the adoption of Accounting Standards Codification Topic 842, *Leases*. Additionally, right-of-use assets - operating leases and an operating lease liability of \$351,502 was recorded during the year ended June 30, 2023.

Accounts payable includes \$130,320 of capital expenditures.

Note 1 - Nature of Operations

Community Progress Council, Inc. (the Council), a Pennsylvania nonprofit corporation, was established to provide assistance to low and moderate income individuals and families in York County, Pennsylvania. The Council operates a variety of programs, including but not limited to Head Start and Early Head Start; Pre-K Counts; Women, Infants, and Children; Rent Assistance; Foster Grandparents; Work Ready; Housing Counseling and Education; Wrap Around Child Care; Self-Sufficiency and Outreach and Referral Programs. The Council's programs are funded by various federal, state, and local grants and private donations. The Council's primary source of support and revenue is grant revenue.

Note 2 - Summary of Significant Accounting Policies

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

Use of Estimates

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

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. GAAP. Under the accrual basis, support and revenue are recognized when earned and expenses are recognized when incurred.

Accounts Receivable

Accounts receivable are stated at outstanding balances. The Council considers accounts receivable to be fully collectible. If collection becomes doubtful, an allowance for doubtful accounts will be established, or the accounts will be charged to income when that determination is made by management. Unpaid balances remaining after the stated payment terms are considered past due. Recoveries of previously charged off accounts are recorded when received.

Promises to Give

Promises to give are stated at outstanding balances. The Council considers promises to give to be fully collectible. If collection becomes doubtful, an allowance for doubtful accounts will be established, or the accounts will be charged to income when that determination is made by management. Unpaid balances remaining after the stated payment terms are considered past due. Recoveries of previously charged off accounts are recorded when received.

Note 2 - Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment is stated at cost, if purchased, and at the fair value, if contributed. Depreciation is computed using the straight-line method of accounting over the estimated useful lives of the assets or the lease term, whichever is shorter, as follows: buildings and improvements, ten to forty years; vehicles and equipment, five to ten years; and leasehold improvements three to five years. Land is not depreciated. Maintenance, repairs, and minor renewals which do not significantly improve or extend the lives of the respective assets are charged to operations when incurred.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as support without donor restrictions, unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions.

In some cases, the government will fund fixed asset purchases to be used in conjunction with government-funded programs. These fixed assets are capitalized at cost and depreciated using the straight-line method over the estimated useful life. The government could require that these assets be returned to them at the cessation of the program or denial of a contract up for renewal.

The Council's policy is to capitalize property and equipment of \$5,000 or more.

Long-Lived Assets

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

Right-of-Use Assets and Liabilities

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Codification (ASC) Topic 842, *Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the statement of activities. The Council adopted Topic 842 on July 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Council has applied Topic 842 to reporting periods beginning on July 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Council's historical accounting treatment under ASC Topic 840, *Leases*.

Note 2 - Summary of Significant Accounting Policies (continued)

Right-of-Use Assets and Liabilities (continued)

The Council elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Council does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Council has not elected to adopt the "hindsight" practical expedient and, therefore, will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on July 1, 2022.

The Council determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Council obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Council also considers whether its service arrangements include the right to control the use of an asset.

The Council made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or July 1, 2022 for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Council made an accounting policy election available to nonpublic companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

Adoption of Topic 842 resulted in the recording of an additional ROU asset and lease liability related to the Council's operating leases of \$169,812 at July 1, 2022. The adoption of the new lease standard did have a material impact on the Council's statement of financial position, but did not materially impact changes in the Council's net assets or cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

Net Assets

Net assets of the Council and changes therein are classified and reported as follows:

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

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Council and/or the passage of time or must be maintained permanently by the Council.

Note 2 - Summary of Significant Accounting Policies (continued)

Revenue Recognition

Contributions

The Council recognizes 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 conditions on which they depend have been substantially met.

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 time period in which the contribution is received, the Council reports the support as without donor restrictions.

Grants

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 in respect of exchange transactions since the proceeds thereof are non-reciprocal, unconditional, and voluntary.

The Council also receives grant revenue, which is deemed to be in respect of exchange transactions and is classified as revenue without donor restrictions or deferred revenue, as appropriate, when received or receivable. Such grant revenue is not deemed to be a contribution since the proceeds thereof are used to pursue objectives of the grantor.

Donated or Contributed Investments, Services, or Materials

Donated or contributed investments, services, or materials meeting the criteria for recognition, are reflected in the financial statements as in-kind contributions at their estimated value on the date of receipt. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at the fair value when received.

Advertising Costs

Advertising costs are expensed as incurred.

Functional Allocation of Expenses

The cost of providing the Council's various programs and supporting services have been summarized on a functional basis in the statement of activities and statement of functional expenses - by natural classification. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Supporting services consist of management and general and fundraising expenses. Management estimates fundraising expenses to be insignificant and, therefore, fundraising expenses have not been segregated from management and general expenses. Expenses require allocation on a reasonable basis that is consistently applied. Expenses are generally allocated on the basis of estimates of time and effort.

Community Progress Council, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note 3 - Tax-Exempt Status

The Council is a not-for-profit entity described in Section 501(c)(3) of the Internal Revenue Code (Code) and is exempt from income taxes on related activities pursuant to 509(a) of the Code. In addition, it was organized under the Pennsylvania Nonprofit Corporation Law and is exempt from state income taxes.

U.S. GAAP requires management to evaluate tax positions taken by the Council, including whether the entity is exempt from income taxes. Management evaluated the tax positions taken and concluded that the Council had taken no uncertain tax positions that require recognition or disclosure in the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements. With few exceptions, the Council is no longer subject to income tax examinations by the U.S. Federal, state, or local tax authorities for years before June 30, 2020.

Note 4 - Concentrations of Cash and Credit Risk

At times during the years ended June 30, 2023 and 2022, the Council's cash balances may have exceeded the federally insured limit of \$250,000.

The Council's contracts are generally with government agencies, and a majority of its revenue is derived from these sources. For the years ended June 30, 2023 and 2022, 86% and 88%, respectively, of total revenue recognized by the Council is attributed to federal monetary sources.

Note 5 - Liquidity and Availability

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

	<u>2023</u>	<u>2022</u>
Financial Assets		
Cash	\$ 8,067,814	\$ 4,190,755
Accounts receivable	1,150,945	1,240,877
Promises to give - current	57,553	85,700
Restricted cash	<u>341,105</u>	<u>279,684</u>
Total Financial Assets	9,617,417	5,797,016
Less Amounts that are Internally Designated or Externally Restricted		
Donor-imposed restrictions (refer to Note 11)	<u>(398,658)</u>	<u>(365,384)</u>
Financial Assets Available to be Used within One Year	<u>\$ 9,218,759</u>	<u>\$ 5,431,632</u>

As part of the Council's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

The Council also has lines of credit available to meet short-term needs (refer to Note 8).

Community Progress Council, Inc.**Notes to Financial Statements**

June 30, 2023 and 2022

Note 6 - Promises to Give

Promises to give - self-sufficiency represent funds raised to support self-sufficiency initiatives. No new promises to give - self-sufficiency were received during the year ended June 30, 2023. The due date of promises to give - self-sufficiency as of June 30, 2023 is less than one year.

Promises to give - United Way represents contributions received from the United Way in support of certain program services. The due date of promises to give - United Way as of June 30, 2023 is less than one year.

Promises to give consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Promises to give - self-sufficiency	\$ 25,000	\$ 50,000
Promises to give - United Way	<u>32,553</u>	<u>35,700</u>
	<u>\$ 57,553</u>	<u>\$ 85,700</u>

Note 7 - Property and Equipment

Property and equipment consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Equipment	\$ 1,978,638	\$ 1,674,973
Buildings and improvements	426,972	367,371
Leasehold improvements	335,999	-
Land *	<u>6,309</u>	<u>6,309</u>
	2,747,918	2,048,653
Accumulated depreciation	<u>(1,583,698)</u>	<u>(1,524,412)</u>
	<u>\$ 1,164,220</u>	<u>\$ 524,241</u>

* Not depreciated

Note 8 - Lines of Credit

The Council has a revolving line of credit with Traditions Bank, which provides for borrowings up to \$1,200,000. Interest is charged at the highest prime rate published in the Wall Street Journal, which was 8.25% and 4.75% as of June 30, 2023 and 2022, respectively. There were no borrowings against the line of credit as of June 30, 2023 and 2022.

Community Progress Council, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note 8 - Lines of Credit (continued)

The Council also has a contingent line of credit with Traditions Bank, which provides for borrowings up to \$2,000,000. Interest is charged at the bank's prime rate, which was 8.25% and 4.75% as of June 30, 2023 and 2022, respectively. There were no borrowings against the line of credit as of June 30, 2023 and 2022.

Lines of credit include an agreement that also contains restrictive covenants which, among other things, requires the Council to maintain a minimum debt service coverage ratio. For the year ended June 30, 2023, the Council was in compliance with the covenant.

Note 9 - Refundable Advances

Refundable advances consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
York County, Pennsylvania - Emergency Rental Assistance	\$ 7,185,100	\$ 3,808,680
Pennsylvania Housing Finance Agency - Housing Counseling and Education program	100,658	173,863
Pennsylvania Department of Education - Head Start program	140,144	131,604
Other deposits and advances	<u>78,868</u>	<u>97,827</u>
	<u>\$ 7,504,770</u>	<u>\$ 4,211,974</u>

Note 10 - Leases

The Council leases facilities under long-term operating lease agreements that have initial terms ranging from three to five years. When leases include one or more options to renew, the options to extend or renew a lease are included in the lease terms when it is reasonably certain that the Council will exercise that option. Additionally, certain leases contain termination options, where the rights to terminate are held by either the Council, the lessor, or both parties. The Council's leases generally do not contain any material restrictive covenants or residual value guarantees. The leases require monthly payments with various maturity dates. The Council is also responsible for common area maintenance fees (CAM) for certain leases. The weighted-average remaining lease term is 4.46 years and the weighted-average discount rate is 3.44%.

The Council also has operating lease agreements for facilities on a short-term basis. These leases are considered short-term in nature.

The Council does not have any finance lease agreements.

Community Progress Council, Inc.**Notes to Financial Statements**

June 30, 2023 and 2022

Note 10 - Leases (continued)

In addition to the leases discussed above, the Council also has various lease agreements with local schools and churches for Head Start facilities, which require either no or significantly reduced rent payments. The fair market value of the donated rent is included in rent expense on the statement of functional expenses - by natural classification. The fair market value of the donated rent has been recorded by the Council as an in-kind contribution (refer to Note 12). The leases renew annually, unless otherwise provided.

Operating lease cost is recognized on a straight-line basis over the lease term. The components of lease cost are as follows for the year ended June 30, 2023:

Operating lease cost	\$ 115,193
Short-term lease cost	115,861
CAM charges	<u>76,664</u>
Total Lease Cost	<u>\$ 307,718</u>

Total rent expense and CAM charges for operating leases were \$594,304 and \$524,022 for the years ended June 30, 2023 and 2022, respectively, which are included in rent, repairs and maintenance, and real estate taxes on the statement of functional expenses - by natural classification.

Assuming no change in current terms, future undiscounted cash flows for each of the remaining five years and a reconciliation to the lease liabilities recognized on the statement of financial position are as follows as of June 30:

2024	\$ 115,193
2025	115,592
2026	116,617
2027	99,436
2028	<u>65,931</u>
Total Lease Payments	512,769
Imputed interest	<u>(37,445)</u>
Total Present Value of Lease Liabilities	<u>\$ 475,324</u>
Current portion of operating lease liability	\$ 100,762
Long-term portion of operating lease liability	<u>374,562</u>
	<u>\$ 475,324</u>

Community Progress Council, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note 11 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for a specified purpose		
Self-sufficiency	\$ 166,523	\$ 141,523
Rent assistance	87,441	54,410
Capacity building - fundraising	50,360	50,360
Transportation services	22,373	-
Language access	10,000	-
Housing counseling and education	2,592	6,727
Other client support	1,816	6,664
Apprenticeship program	-	20,000
Subject to the passage of time		
Promises to give	<u>57,553</u>	<u>85,700</u>
	<u><u>\$ 398,658</u></u>	<u><u>\$ 365,384</u></u>

Note 12 - In-kind Contributions

In-kind contributions meeting the requirements for recognition in the statement of activities and changes in net assets consist of the following for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Donated rent	\$ 287,182	\$ 231,102
Donated supplies	13,613	-
Donated property and equipment	<u>-</u>	<u>30,000</u>
	<u><u>\$ 300,795</u></u>	<u><u>\$ 261,102</u></u>

In-kind contributions by program consist of the following for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Head Start program	\$ 287,027	\$ 261,102
Foster Grandparent program	<u>13,768</u>	<u>-</u>
	<u><u>\$ 300,795</u></u>	<u><u>\$ 261,102</u></u>

Donated rent recognized is comprised of donated classroom space primarily related to the Head Start program. The Council has various operating lease agreements with local schools and churches, which require either no or significantly reduced rent payments. There are no associated donor restrictions related to the donated rent. In valuing the donated rent, the Council estimated the fair value based on the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in the same locality.

Note 12 - In-kind Contributions (continued)

Donated supplies recognized is comprised of donations of miscellaneous supplies for program services. There are no associated donor restrictions related to the donations. Donated supplies are reported at the estimated fair value based on the value that would be paid to purchase similar products.

Donated property and equipment recognized during the year ended June 30, 2022 is comprised of a donation of a school bus to be used for program services. There are no associated donor restrictions related to the donation. In valuing the donated property and equipment, the Council estimated the fair value on the basis of comparable sales prices.

In addition to the in-kind contribution amounts recorded in the financial statements, during the years ended June 30, 2023 and 2022, a substantial number of individual volunteers have donated significant amounts of time to the Council's programs and supporting services. These services do not meet the criteria for recognition as contributed services, and are not reflected on the accompanying financial statements.

Note 13 - Contingent Liabilities

The Council participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their respective oversight agencies. The Council is potentially liable for any expenses, 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 expenses.

The Council is involved in a legal proceeding arising from activities in the ordinary course of business. Although it is not possible to presently determine the final outcome of this matter, management believes the aggregate liability, if any, will not have a material adverse effect on the Council's financial statements.

Note 14 - Health Benefit Plan

During the year ended June 30, 2023, the Council entered into an agreement for a self-funded health insurance plan for employee benefits. The Council covers health care claims up to a maximum of \$40,000 per individual on an annual basis. The aggregate maximum exposure is adjusted based on the number of plan participants. The Council has purchased stop-loss coverage for claims exceeding the Council's individual liability. In accordance with the terms of the insurance program, the Council faces potential exposure, which could require additional payments if the program experiences significant adverse claims development; however, management is not aware of any need to fund additional amounts as of June 30, 2023.

Note 15 - Retirement Plan

The Council sponsors a 401(k) defined contribution plan. Employees who meet certain eligibility requirements are eligible to participate in the plan. Under the terms of the plan, eligible employees are entitled to contribute up to the maximum amount permitted by law. The Council makes matching contributions equal to 100% of an employee's salary deferral, up to a maximum of 3% of their eligible compensation. Additionally, at the discretion of the Board of Directors, the Council may make a discretionary profit sharing contribution to the plan. Employer contributions to the plan for the years ended June 30, 2023 and 2022 amounted to \$152,572 and \$188,479, respectively.

Note 16 - Reclassifications

Certain information in the 2022 financial statements and related footnotes contain reclassifications necessary to make that information comparable to information presented in the 2023 financial statements. There was no change to total changes in net assets or total net assets.

Note 17 - Subsequent Events

Management of the Council has evaluated subsequent events through January 22, 2024. This date is the date the financial statements were available to be issued. No material events subsequent to June 30, 2023 were noted.

**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***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Progress Council, Inc. (the Council), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, changes in net assets, functional expenses - by natural classification, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 22, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RKL LLP

January 22, 2024
York, Pennsylvania

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Council'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 the Council'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 the Council's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

RKL LLP

January 22, 2024
York, Pennsylvania

Community Progress Council, Inc.

Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Year Ended June 30, 2023					
	Assistance Listing Number	Pass-Through Grantor's #	Accrued (Deferred) Revenue as of July 1, 2022	Federal Funds Received (Returned)	Expenditures	Accrued (Deferred) Revenue as of June 30, 2023
U.S. Department of Agriculture						
Pass Through Programs from						
Pennsylvania Department of Health						
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	4100077910	\$ 256,656	\$ 677,959	\$ 421,303	\$ -
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	4100093360	-	807,182	1,068,653	261,471
Pennsylvania Department of Agriculture						
Farmer's Market Nutrition Program (FMNP)	10.572	4100078128	-	7,654	7,654	-
Pennsylvania Department of Education						
Child and Adult Care Food Program	10.558	300671380	63,649	302,014	328,054	89,689
Total U.S. Department of Agriculture			<u>320,305</u>	<u>1,794,809</u>	<u>1,825,664</u>	<u>351,160</u>
U.S. Department of Housing and Urban Development						
Pass Through Programs from						
Pennsylvania Housing Finance Agency						
Housing Counseling Assistance Program	14.169	HC-21-03-41004	18,224	22,337	4,113	-
Housing Counseling Assistance Program	14.169	HC-22-03-41007	-	12,455	12,455	-
Total U.S. Department of Housing and Urban Development			<u>18,224</u>	<u>34,792</u>	<u>16,568</u>	<u>-</u>
U.S. Department of the Treasury						
Pass Through Programs from						
Pennsylvania Housing Finance Agency						
Homeowner Assistance Fund Program	21.026	Community Progress Council	1,130	-	4,770	5,900
York County, Pennsylvania						
Emergency Rental Assistance Program	21.023	06110000-540356	(4,224,792)	729,732	4,954,524	-
Emergency Rental Assistance Program	21.023	06110000-540355	416,112	2,534,547	2,118,435	-
Emergency Rental Assistance Program	21.023	06110000-540353		13,402,644	6,217,544	(7,185,100)
Coronavirus State and Local Fiscal Recovery Funds	21.027	Community Progress Council	(22,770)	-	22,770	-
Total U.S. Department of the Treasury			<u>(3,830,320)</u>	<u>16,666,923</u>	<u>13,318,043</u>	<u>(7,179,200)</u>

Community Progress Council, Inc.

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Year Ended June 30, 2023					
	Assistance Listing Number	Pass-Through Grantor's #	Accrued (Deferred) Revenue as of July 1, 2022	Federal Funds Received (Returned)	Expenditures	Accrued (Deferred) Revenue as of June 30, 2023
U.S. Department of Health and Human Services						
Head Start Cluster						
Head Start	93.600	03CH01064304	\$ 84,443	\$ 84,443	\$ -	\$ -
Head Start	93.600	03CH01064305	85,474	3,636,986	3,726,114	174,602
Head Start	93.600	03CH01064306	-	84,222	204,668	120,446
COVID-19 - Head Start	93.600	03HE00071101C5	783	144,677	143,894	-
COVID-19 - Head Start	93.600	03HE00071101C6	4,956	226,037	221,081	-
Early Head Start	93.600	03CH01093403	57,500	61,325	3,825	-
Early Head Start	93.600	03CH01093404	34,459	1,327,647	1,369,372	76,184
Early Head Start	93.600	03CH01093405	-	61,529	123,253	61,724
Total Head Start Cluster			267,615	5,626,866	5,792,207	432,956
Other Programs						
Pass Through Programs from						
Pennsylvania Department of Community and Economic Development						
COVID-19 - Community Services Block Grant	93.569	C000067070	230,352	494,014	263,662	-
Community Services Block Grant	93.569	C000082095	159,644	871,946	908,944	196,642
Total Community Services Block Grant			389,996	1,365,960	1,172,606	196,642
Total U.S. Department of Health and Human Services			657,611	6,992,826	6,964,813	629,598
Corporation for National and Community Services						
Foster Grandparent/Senior Companion Cluster						
Foster Grandparent Program	94.011	22SFBPA004	-	155,763	203,636	47,873
Foster Grandparent Program	94.011	19SFAPA004	25,316	25,316	-	-
Total Foster Grandparent/Senior Companion Cluster			25,316	181,079	203,636	47,873
Total Corporation for National and Community Services			25,316	181,079	203,636	47,873
Total Expenditures of Federal Awards			\$ (2,808,864)	\$ 25,670,429	\$ 22,328,724	\$ (6,150,569)

Community Progress Council, Inc.

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule of expenditures of federal awards represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 - Indirect Cost Rate

The Council has elected not to use the ten-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Community Progress Council, Inc.**Schedule of Findings and Questioned Costs**

Year Ended June 30, 2023

Section I - Summary of Auditor's Results***Financial Statements***

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☐ yes ☒ no

Significant deficiency(ies) identified?

☐ yes ☒ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no***Federal Awards***

Internal control over major federal programs:

Material weakness(es) identified?

☐ yes ☒ no

Significant deficiency(ies) identified?

☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs:

Unmodified

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

☐ yes ☒ no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.023 93.600	Emergency Rental Assistance Program Head Start Cluster

Dollar threshold used to distinguish between Type A and Type B programs

\$750,000

Auditee qualified as low-risk auditee

☒ yes ☐ no

Community Progress Council, Inc.

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2023

Section II - Financial Statement Findings

No findings are reported.

Section III - Federal Award Findings and Questioned Costs

No findings are reported.

Community Progress Council, Inc.

Summary Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2023

Section II - Financial Statement Findings Related to June 30, 2022

No findings are reported.

Section III - Federal Awards Findings and Questioned Costs Related to June 30, 2022

No findings are reported.