

**EMPLOYMENT OPPORTUNITY &
TRAINING CENTER OF
NORTHEASTERN PENNSYLVANIA**

**FINANCIAL STATEMENTS
AND
ADDITIONAL INFORMATION
AND
SINGLE AUDIT REPORTS
JUNE 30, 2017 AND 2016**

EMPLOYMENT OPPORTUNITY & TRAINING CENTER
OF NORTHEASTERN PENNSYLVANIA

TABLE OF CONTENTS
JUNE 30, 2017 AND 2016

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	I - III
FINANCIAL STATEMENTS:	
Statements of Financial Position	1
Statements of Activities	2
Statements of Cash Flows	3
Notes to Financial Statements	4 - 10
ADDITIONAL INFORMATION:	
Schedules of Functional Expenses	11 - 14
Schedule of Expenditures of Federal Awards	15
Notes to Schedule of Expenditures of Federal Awards	16
SINGLE AUDIT REPORTS:	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17 - 18
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	19 - 21
Schedule of Findings and Questioned Costs	22 - 23
Summary Schedule of Prior Audit Findings	24

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Employment Opportunity & Training Center
of Northeastern Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Employment Opportunity & Training Center of Northeastern Pennsylvania ("EOTC") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of EOTC as of June 30, 2017 and 2016, 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.

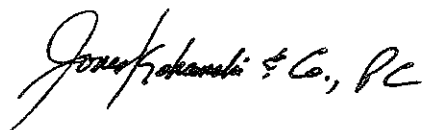
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 11 - 14 are presented for purposes of additional analysis and are not a required part of the financial statements. In addition, 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*, is also presented for purposes of additional analysis and is also 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2017, on our consideration of EOTC'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering EOTC's internal control over financial reporting and compliance.



Moosic, PA
October 25, 2017

**EMPLOYMENT OPPORTUNITY & TRAINING CENTER
OF NORTHEASTERN PENNSYLVANIA**

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 71,547	\$ 113,503
Grants receivable	142,495	211,621
Prepaid expenses	<u>22,308</u>	<u>23,701</u>
Total Current Assets	236,350	348,825
ENDOWMENT INVESTMENT - RESTRICTED	5,343	5,332
PROPERTY AND EQUIPMENT, net	<u>2,180,812</u>	<u>2,232,142</u>
	<u>\$ 2,422,505</u>	<u>\$ 2,586,299</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Demand note payable	\$ 234,959	\$ 169,000
Current portion of note payable	24,749	23,960
Accounts payable	18,497	14,219
Payroll and related taxes payable	38,466	53,817
Accrued expenses	52,711	49,409
Deferred revenue	<u>33,152</u>	<u>107,380</u>
Total Current Liabilities	402,534	417,785
NOTE PAYABLE, net of current portion	<u>835,989</u>	<u>860,330</u>
Total Liabilities	<u>1,238,523</u>	<u>1,278,115</u>
NET ASSETS:		
Unrestricted	991,555	1,104,679
Temporarily restricted	187,112	198,190
Permanently restricted	<u>5,315</u>	<u>5,315</u>
Total Net Assets	<u>1,183,982</u>	<u>1,308,184</u>
	<u>\$ 2,422,505</u>	<u>\$ 2,586,299</u>

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

EMPLOYMENT OPPORTUNITY & TRAINING CENTER
OF NORTHEASTERN PENNSYLVANIA

STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
UNRESTRICTED NET ASSETS:		
Revenue and Support:		
Fees and grants	\$ 1,383,246	\$ 1,521,848
Contributions	71,551	85,167
Fundraising events	102,767	75,160
Program service fees	4,417	760
Rental income	43,985	45,873
Interest income	2	33
Miscellaneous	<u>1,865</u>	<u>303</u>
Total Unrestricted Revenue and Support	1,607,833	1,729,144
Net Assets Released from Restrictions:		
Restrictions satisfied by payments	<u>134,786</u>	<u>193,475</u>
Total Unrestricted Revenues, Gains, and Other Support	<u>1,742,619</u>	<u>1,922,619</u>
Expenses:		
Program Services:		
Community programming	1,286,127	1,461,201
Supporting Services:		
Management and general	418,537	491,465
Fundraising	<u>151,079</u>	<u>91,062</u>
Total Expenses	<u>1,855,743</u>	<u>2,043,728</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>(113,124)</u>	<u>(121,109)</u>
TEMPORARILY RESTRICTED NET ASSETS:		
Contributions	123,708	91,861
Net Assets Released from Restrictions:		
Restrictions satisfied by payments	<u>(134,786)</u>	<u>(193,475)</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>(11,078)</u>	<u>(101,614)</u>
CHANGE IN NET ASSETS	(124,202)	(222,723)
NET ASSETS - Beginning	<u>1,308,184</u>	<u>1,530,907</u>
NET ASSETS - Ending	<u>\$ 1,183,982</u>	<u>\$ 1,308,184</u>

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

EMPLOYMENT OPPORTUNITY & TRAINING CENTER
OF NORTHEASTERN PENNSYLVANIA

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (124,202)	\$ (222,723)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	87,268	94,851
Loss on disposal of fixed assets	1,387	-
Changes in current assets and current liabilities:		
Grants receivable	69,126	70,581
Prepaid expenses	1,393	1,163
Accounts payable	4,278	(46,540)
Payroll and related taxes payable	(15,351)	1,764
Accrued expenses	3,302	(12,883)
Deferred revenue	<u>(74,228)</u>	<u>23,293</u>
 Net Cash Used by Operating Activities	 <u>(47,027)</u>	 <u>(90,494)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	<u>(37,325)</u>	<u>(92,518)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES:		
Interest earned on restricted endowment	(11)	(1)
Proceeds from demand note payable, net	65,959	79,500
Proceeds from note payable	-	890,000
Payments on note payable	<u>(23,552)</u>	<u>(902,182)</u>
 Net Cash Provided by Financing Activities	 <u>42,396</u>	 <u>67,317</u>
 NET CHANGE IN CASH	 (41,956)	 (115,695)
 CASH BALANCE - Beginning	 <u>113,503</u>	 <u>229,198</u>
 CASH BALANCE - Ending	 <u>\$ 71,547</u>	 <u>\$ 113,503</u>
 SUPPLEMENTAL INFORMATION:		
Interest paid	<u>\$ 36,672</u>	<u>\$ 35,305</u>

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

**EMPLOYMENT OPPORTUNITY & TRAINING CENTER
OF NORTHEASTERN PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF ACCOUNTING POLICIES

Reporting Entity

Employment Opportunity & Training Center of Northeastern Pennsylvania ("EOTC") is a not-for-profit organization incorporated on December 14, 1987, which offers a variety of programs designed to provide training and employment opportunities to low income persons, single parents, and others needing support in becoming self-sufficient through employment. EOTC operates out of a facility in Scranton, Pennsylvania. Revenues are generated primarily from Federal government and state of Pennsylvania governmental agencies.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, all significant receivables, payables, and other accruals are recorded in the financial statements.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board ("FASB") Codification 958, *Not-for-Profit Entities*. Under FASB Codification 958, EOTC is required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Donated Services

No amounts have been reflected in the financial statements for donated services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist EOTC with specific assistance programs, campaign solicitation, and various committee assignments.

**EMPLOYMENT OPPORTUNITY & TRAINING CENTER
OF NORTHEASTERN PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF ACCOUNTING POLICIES
(CONT'D)

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily or permanently restricted support that increases those net assets classes. When a donor restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, EOTC reports the contribution as unrestricted.

Temporarily Restricted Net Assets

Temporarily restricted net assets are those assets whose use by EOTC has been limited by donors to a specific time period or purpose.

Permanently Restricted Net Assets

Permanently restricted net assets are donor contributions that require the principal to be invested in perpetuity and the income only be utilized for purposes specified by the donor.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, EOTC considers all unrestricted highly liquid investments with an initial maturity of three months or less to be a cash equivalent.

Grants Receivable

Grants receivable are reported at amounts management expects to collect on balances outstanding. Accounts are charged to bad debt expense when considered uncollectible based on a periodic review of individual accounts. Grants receivable are considered fully collectible by management and, accordingly, no allowance for doubtful accounts is considered necessary.

Property and Equipment

Property and equipment are recorded at cost and are depreciated over their estimated useful lives using the straight-line method of depreciation. Repairs and minor equipment are charged against current operations when incurred. Management has set the capitalization threshold for reporting property and equipment at \$500.

EMPLOYMENT OPPORTUNITY & TRAINING CENTER
OF NORTHEASTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES
(CONT'D)

Deferred Revenue

Revenue received in advance of the period in which it is earned is recorded as deferred revenue in the accompanying statement of financial position.

Income Taxes

EOTC is a not-for-profit corporation exempt from income taxes as described in Section 501(c)3 of the Internal Revenue Code. No provision for Federal or state income taxes is required.

In accordance with the Financial Accounting Standards Board guidance on accounting for uncertainty in income taxes, management evaluated EOTC's tax positions and concluded that EOTC had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, EOTC is no longer subject to income tax examinations by Federal, state or local tax authorities for years before June 30, 2014.

Expense Allocations

Expenses incurred to directly carry-out program activities are charged to the applicable programs on a specific identification basis. Certain other indirect expenses are allocated to the programs based upon space utilization and/or direct costs.

Advertising Costs

Advertising costs are charged to operations as incurred. Advertising costs were \$1,467 and \$3,977 for the years ended June 30, 2017 and 2016, respectively.

Subsequent Events

Management has evaluated subsequent events through October 25, 2017 which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended June 30, 2017.

EMPLOYMENT OPPORTUNITY & TRAINING CENTER
OF NORTHEASTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 2: CONCENTRATION OF CREDIT RISK

EOTC maintains its cash balances at two financial institutions located in Northeastern Pennsylvania. Deposit accounts at the financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000 per depositor. EOTC's deposit accounts were fully insured at June 30, 2017 and 2016, respectively.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30,:

	<u>2017</u>	<u>2016</u>
Building and improvements	\$ 2,417,307	\$ 2,384,278
Equipment	133,696	153,520
Land	<u>133,102</u>	<u>133,102</u>
	2,684,105	2,670,900
Less: accumulated depreciation	<u>(503,293)</u>	<u>(438,758)</u>
	<u>\$ 2,180,812</u>	<u>\$ 2,232,142</u>

Depreciation expense was \$87,268 and \$94,851 for the years ended June 30, 2017 and 2016, respectively.

NOTE 4: DEMAND NOTE PAYABLE

EOTC has a \$250,000 line-of-credit with interest payable monthly at the prime rate plus .50% (4.75% at June 30, 2017). The line-of-credit is secured by substantially all of EOTC's assets. Borrowings on the line-of-credit are to be used for working capital. The balance outstanding as of June 30, 2017 and 2016 was \$234,959 and \$169,000, respectively.

**EMPLOYMENT OPPORTUNITY & TRAINING CENTER
OF NORTHEASTERN PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 5: NOTE PAYABLE

Note payable consists of the following at June 30,:

	<u>2017</u>	<u>2016</u>
Bank note payable in monthly installments of \$4,356, including interest at 3.242%. The note matures March 8, 2023 with a balloon payment due of all remaining outstanding principal and accrued interest, and is collateralized by real estate with a book value of \$2,416,228.	\$ 860,738	\$ 884,290
Less: current portion	<u>(24,749)</u>	<u>(23,960)</u>
	<u>\$ 835,989</u>	<u>\$ 860,330</u>

The minimum annual principal payments on the note as of June 30, 2017 are as follows:

	<u>Year ending June 30,</u>	<u>Amount</u>
	2018	\$ 24,749
	2019	25,563
	2020	26,404
	2021	27,273
	2022	28,171
	Thereafter	<u>728,578</u>
		<u>\$ 860,738</u>

NOTE 6: RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2017</u>	<u>2016</u>
7th Avenue building, parking lot, and park	\$ 48,846	\$ 84,655
Women in Transition	30,000	-
Incredible Years	21,304	64,614
Parents as Teachers and Incredible Years	29,202	16,720
Other program services	<u>57,760</u>	<u>32,201</u>
	<u>\$ 187,112</u>	<u>\$ 198,190</u>

EMPLOYMENT OPPORTUNITY & TRAINING CENTER
OF NORTHEASTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 6: RESTRICTED NET ASSETS (CONT'D)

Net assets were released from restriction by fulfillment of the purpose restrictions. During the years ended June 30, 2017 and 2016, EOTC expended funds from temporarily restricted net assets for the following purposes:

	<u>2017</u>	<u>2016</u>
7th Avenue building, parking lot, and park	\$ 35,809	\$ 98,573
Programs for families and children	<u>98,977</u>	<u>94,902</u>
	<u>\$ 134,786</u>	<u>\$ 193,475</u>

Permanently restricted net assets are restricted indefinitely, however, EOTC may utilize income earned on the endowment for operating purposes:

MBR Endowment	<u>\$ 5,315</u>	<u>\$ 5,315</u>
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NOTE 7: RETIREMENT PLAN

The EOTC 401(k) plan is a single-employer 401(k) plan that covers all regular full-time employees who have attained the age of 21 and completed one year of service. Participants are 100% vested in their personal contributions as well as EOTC's contributions. Effective January 1, 2017 EOTC changed the employer's match to 50% of a participant's salary deferral, not to exceed 3%. Previously, EOTC made non-matching contributions equal to 3% of a participant's compensation. Individual accounts have been established and contributions by EOTC of \$30,513 and \$30,290 were made for the years ended June 30, 2017 and 2016, respectively.

NOTE 8: COMPENSATED ABSENCES

All employees, except those that are considered to be temporary, are eligible for paid time off in an amount dependent on their years of service. Employees may be allowed to carry unused hours from the end of one calendar year to January 31st of the following year only upon receiving permission from an immediate supervisor. In addition, employees are eligible for payment of unused vacation days upon termination of employment. Those employees who are involuntary terminated may not be eligible for compensation of unused paid time off.

EMPLOYMENT OPPORTUNITY & TRAINING CENTER
OF NORTHEASTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 9: CONCENTRATIONS

EOTC receives a substantial amount of its revenue from Federal, state, and local governments. A significant reduction in the level of this revenue, if it were to occur, would affect EOTC's programs and activities. For each of the years ended June 30, 2017 and 2016, revenue from one government agency represented 44% of total revenue and grants receivable from this agency represented 47% of total accounts receivable.

NOTE 10: CONTINGENCY

EOTC participates in both state and Federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. EOTC is potentially liable for any expenditure that may be disallowed pursuant to the terms of these grant programs. EOTC is not aware of any material items of noncompliance that would result in the disallowance of program expenditures.

**EMPLOYMENT OPPORTUNITY & TRAINING CENTER
OF NORTHEASTERN PENNSYLVANIA**

**SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017**

	Program Services									
Early Head Start	Access Visitation	Womens Mentoring	Parents as Teachers	Pathways to Fatherhood	Time Limited Family Reunification	Local Prisoners Program	Restrictive Intermediate Program	Incredible Years		
Salaries and wages	\$ 195,151	\$ 62,769	\$ 98,111	\$ 18,534	\$ 78,040	\$ 65,547	\$ 22,273	\$ 79,130		
Employee benefits	63,788	16,868	32,992	4,494	19,272	16,156	7,209	19,382		
Depreciation	14,661	5,236	8,116	1,309	5,847	4,712	1,484	6,196		
Equipment and maintenance	10,524	5,937	5,104	116	4,455	7,085	80	2,832		
Loan interest	-	-	-	-	-	-	-	-		
Printing and supplies	3,000	3,900	2,025	918	2,508	1,328	-	1,509		
Travel	11,633	614	4,854	550	2,988	826	-	2,375		
Occupancy	2,753	2,012	2,368	908	1,351	473	139	2,018		
Insurance	4,479	800	2,337	161	1,296	1,095	-	3,288		
Telephone	3,200	733	4,137	400	1,302	539	218	1,550		
Subcontractors	107	906	117	-	-	-	-	3,356		
Support services	16	6,360	1,297	25	637	-	-	4,315		
Program supplies	597	986	2,636	122	1,208	225	-	1,110		
Staff development	107	638	2,963	467	1,350	-	-	-		
Special events	-	403	734	33	-	-	-	1,358		
Accounting	905	-	135	200	3,982	1,800	-	-		
Consultant	-	2,182	585	200	500	150	-	955		
Curriculum Material	-	-	2,206	-	-	-	-	544		
Miscellaneous	-	(13)	-	-	-	-	-	-		
Postage	191	642	109	7	58	-	-	2		
Advertising	-	-	1,257	-	-	-	-	-		
Program incentives	-	-	-	-	-	-	-	-		
Total	\$ 311,112	\$ 110,973	\$ 172,083	\$ 28,444	\$ 124,794	\$ 99,944	\$ 31,403	\$ 131,060		

See independent auditors' report.

**EMPLOYMENT OPPORTUNITY & TRAINING CENTER
OF NORTHEASTERN PENNSYLVANIA**

**SCHEDULE OF FUNCTIONAL EXPENSES (CONT'D)
YEAR ENDED JUNE 30, 2017**

	Program Services										Supporting Services		
	Re-Entry Program	Veterans Court	Toddler Play Group	LSDDAP Drug and Alcohol	Youth Mentoring	MTF	Total Program Services	Management and General	Fundraising	Total Expenses			
Salaries and wages	\$ 54,353	\$ 28,093	\$ 4,660	\$ 24,398	\$ 15,388	\$ 5,835	\$ 798,314	\$ 221,986	\$ 117,194	\$ 1,137,494			
Employee benefits	6,693	9,002	1,622	4,028	4,767	738	217,308	85,068	26,148	328,524			
Depreciation	3,578	1,833	698	1,745	1,047	698	60,563	26,705	-	87,268			
Equipment and maintenance	2,186	-	94	962	-	6,086	46,197	19,464	-	65,661			
Loan interest	-	-	-	-	-	-	-	36,671	-	36,671			
Printing and supplies	2,847	-	207	14	-	2,016	20,564	5,363	1,052	26,979			
Travel	580	-	1,141	485	31	-	26,077	195	147	26,419			
Occupancy	1,626	333	606	134	-	118	15,340	7,044	-	22,384			
Insurance	650	-	-	254	-	-	15,641	5,607	-	21,248			
Telephone	1,112	331	80	-	40	-	13,962	3,950	600	18,512			
Subcontractors	206	-	787	-	-	-	13,355	800	309	14,464			
Support services	978	-	670	43	-	-	14,341	-	-	14,341			
Program supplies	3	-	1,101	2,454	114	-	11,475	3	-	11,478			
Staff development	-	-	1,650	-	-	-	7,514	1,603	405	9,522			
Special events	-	50	672	-	411	-	3,661	710	4,696	9,067			
Accounting	-	-	141	625	-	-	8,588	150	-	8,738			
Consultant	-	-	-	1,166	-	-	5,738	300	-	6,038			
Curriculum Material	1,343	-	3	-	-	-	4,096	98	-	4,194			
Miscellaneous	-	8	(27)	-	-	-	(17)	2,560	75	2,618			
Postage	-	-	-	-	-	-	1,009	260	247	1,516			
Advertising	-	-	4	-	-	-	1,261	-	206	1,467			
Program incentives	-	-	-	-	-	-	1,140	-	-	1,140			
Total	\$ 76,155	\$ 39,650	\$ 14,109	\$ 36,308	\$ 21,798	\$ 15,491	\$ 1,286,127	\$ 418,537	\$ 151,079	\$ 1,855,743			

See independent auditors' report.

**EMPLOYMENT OPPORTUNITY & TRAINING CENTER
OF NORTHEASTERN PENNSYLVANIA**

**SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016**

Program Services

	Early Head Start	Access Visitation	Womens Mentoring	Parents as Teachers	Pathways to Fatherhood	Time Limited Family Reunification	Local Prisoners Program	Restrictive Intermediate Program	Incredible Years
Salaries and wages	\$ 158,559	\$ 48,465	\$ 121,446	\$ 108,404	\$ 60,244	\$ 75,921	\$ 57,832	\$ 21,258	\$ 114,389
Employee benefits	53,334	9,755	30,927	33,923	15,715	19,296	12,733	6,853	24,083
Depreciation	11,572	3,320	9,580	8,537	5,501	5,691	3,699	1,328	9,580
Equipment and maintenance	5,782	676	3,063	5,207	184	7,244	1,088	-	7,446
Travel	10,825	66	2,899	5,201	8,126	3,638	611	-	6,574
Support services	-	-	12,478	579	9,894	33	(25)	-	7,871
Printing and supplies	1,059	438	4,432	3,666	2,074	2,433	936	-	3,789
Loan interest	-	-	-	-	-	-	-	-	-
Subcontractors	-	4,809	6,250	899	-	526	500	-	10,031
Occupancy	942	51	1,738	1,913	5,808	983	328	-	2,049
Insurance	954	1,102	4,788	2,382	721	269	270	-	1,248
Telephone	1,683	400	1,174	3,915	1,016	1,973	163	68	2,292
Consultant	-	-	2,742	677	1,120	1,300	-	-	3,293
Program supplies	1,608	534	1,993	3,603	2,462	539	243	29	5,005
Staff development	65	233	1,560	2,960	1,314	820	10	-	2,817
Accounting	2,333	800	675	675	650	1,000	1,150	-	1,875
Special events	-	-	-	165	-	-	-	-	2,525
Program incentives	-	-	-	-	3,000	-	-	-	1,414
Advertising	-	-	776	292	914	-	-	-	-
Miscellaneous	-	-	-	39	-	-	-	-	11
Postage	-	-	242	88	84	-	-	-	147
Total	\$ 248,716	\$ 70,649	\$ 206,763	\$ 183,125	\$ 118,827	\$ 121,666	\$ 79,538	\$ 29,536	\$ 206,439

See independent auditors' report.

**EMPLOYMENT OPPORTUNITY & TRAINING CENTER
OF NORTHEASTERN PENNSYLVANIA**

**SCHEDULE OF FUNCTIONAL EXPENSES (CONT'D)
YEAR ENDED JUNE 30, 2016**

	Program Services					Supporting Services		Total Expenses
	Re-Entry Program	Veterans Court	Toddler Play Group	LSDDAP Drug and Alcohol	Total Program Services	Management and General	Fundraising	
Salaries and wages	\$ 64,699	\$ 55,855	\$ 8,420	\$ -	\$ 895,492	\$ 260,095	\$ 64,110	\$ 1,219,697
Employee benefits	8,722	13,967	2,266	-	231,574	109,936	13,826	355,336
Depreciation	4,553	3,509	664	285	67,819	27,032	-	94,851
Equipment and maintenance	1,932	1,019	11	-	33,652	16,132	-	49,784
Travel	881	727	1,139	-	40,687	174	121	40,982
Support services	5,470	-	413	-	36,713	158	503	37,374
Printing and supplies	3,637	8	231	-	22,703	9,338	3,441	35,482
Loan interest	-	-	-	-	-	35,305	-	35,305
Subcontractors	313	-	93	-	23,421	8,193	-	31,614
Occupancy	1,868	402	112	-	16,194	5,797	-	21,991
Insurance	1,542	103	685	-	14,064	5,448	-	19,512
Telephone	532	503	242	-	13,961	4,412	350	18,723
Consultant	826	-	-	5,750	15,708	850	304	16,862
Program supplies	17	210	304	-	16,547	39	-	16,586
Staff development	2,500	-	364	250	12,893	1,907	518	15,318
Accounting	1,239	-	-	-	10,397	1,786	-	12,183
Special events	-	-	(358)	-	2,332	579	5,668	8,579
Program incentives	-	-	-	-	4,414	-	-	4,414
Advertising	-	-	-	-	1,982	758	1,237	3,977
Miscellaneous	-	-	30	-	80	3,357	91	3,528
Postage	-	7	-	-	568	169	893	1,630
Total	\$ 98,731	\$ 76,310	\$ 14,616	\$ 6,285	\$ 1,461,201	\$ 491,465	\$ 91,062	\$ 2,043,728

See independent auditors' report.

EMPLOYMENT OPPORTUNITY & TRAINING CENTER
OF NORTHEASTERN PENNSYLVANIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017**

<u>FEDERAL GRANTOR / PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>CONTRACT PERIOD</u>	<u>FEDERAL EXPENDITURES</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Pass-through grant programs from the County of Lackawanna, Pennsylvania:				
Promoting Safe and Stable Families	93.556	4100057301	07/01/16 - 06/30/17	\$ 123,379
Promoting Safe and Stable Families	93.556	4100066986	07/01/16 - 06/30/17	146,919
				<u>270,298</u>
Community-Based Child Abuse Prevention Grants	93.590	4100057087	07/01/16 - 06/30/17	30,600
Grants to States for Access and Visitation Programs	93.597	4100065528	10/01/15 - 09/30/16	23,235
Grants to States for Access and Visitation Programs	93.597	4100065528	10/01/16 - 09/30/17	59,710
				<u>82,945</u>
Pass-through grant programs from the Scranton-Lackawanna Human Development Agency:				
Early Head Start	93.600	03CH0529-51	02/01/16 - 01/31/17	239,949
Early Head Start	93.600	03CH0529-51	02/01/17 - 01/31/18	133,738
				<u>373,687</u>
Total U.S. Department of Health and Human Services				<u>757,530</u>
U.S. DEPARTMENT OF JUSTICE:				
Direct Award:				
Women in Transition	16.738	2014-CY-BX-0013	10/01/15 - 09/30/16	81,711
Pass-through grant programs from the Pennsylvania Commission on Crime and Delinquency:				
PCCD Re-Entry	16.738	2013-JG-04-25060	10/01/15 - 09/30/16	24,734
PCCD Re-Entry	16.738	2013-MU-BX-1052	01/01/17 - 12/31/17	54,148
				<u>78,882</u>
Total U.S. Department of Justice				<u>160,593</u>
				<u>\$ 918,123</u>

See independent auditors' report and notes to schedule of expenditures of Federal awards.

EMPLOYMENT OPPORTUNITY & TRAINING CENTER
OF NORTHEASTERN PENNSYLVANIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

NOTE 1: REPORTING ENTITY

The accompanying schedule of expenditures of Federal awards presents the activity of all Federal awards programs of Employment Opportunity & Training Center of Northeastern Pennsylvania ("EOTC"). EOTC's reporting entity is defined in Note 1 to the financial statements. All Federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included in the schedule.

NOTE 2: BASIS OF ACCOUNTING

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The amounts reported in the accompanying schedule of expenditures of Federal awards agree, in all material respects, to amounts reported within EOTC's financial statements. Federal award revenues are reported principally in EOTC's financial statements as grant revenue. Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: INDIRECT COSTS

EOTC has elected not to use the ten percent de minimis cost rate. Indirect costs are allocated to programs based on applicable criteria relative to the Federal program.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Employment Opportunity & Training Center
of Northeastern 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 Employment Opportunity & Training Center of Northeastern Pennsylvania ("EOTC") (a non-profit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 25, 2017.

Internal Control Over Financial Reporting

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

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

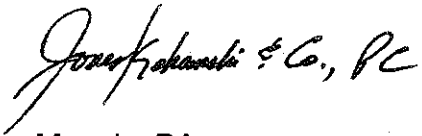
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether EOTC'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Moosic, PA
October 25, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Employment Opportunity & Training Center
of Northeastern Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited Employment Opportunity & Training Center of Northeastern Pennsylvania's ("EOTC") compliance with the types of compliance requirements described in the OMB *Compliance Supplement*, that could have a direct and material effect on EOTC's major Federal program for the year ended June 30, 2017. EOTC's major Federal program is identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, EOTC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended June 30, 2017.

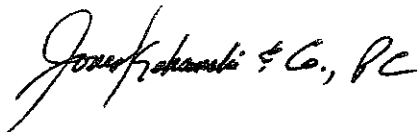
Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in black ink, appearing to read "Joseph J. Schmitt & Co., PC". The signature is written in a cursive, flowing style.

Moosic, PA
October 25, 2017

**EMPLOYMENT OPPORTUNITY & TRAINING CENTER
OF NORTHEASTERN PENNSYLVANIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements:

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No

- Control deficiencies identified that are not considered to be material weakness(es)? Yes X No

Noncompliance material to financial statements noted? Yes X No

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? Yes X No

- Control deficiencies identified that are not considered to be material weakness(es)? Yes X No

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516 (a) of Uniform Guidance Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.556	Promoting Safe and Stable Families

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee: X Yes No

EMPLOYMENT OPPORTUNITY & TRAINING CENTER
OF NORTHEASTERN PENNSYLVANIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
YEAR ENDED JUNE 30, 2017

SECTION II - FINANCIAL STATEMENT FINDINGS

There are no findings for the year ended June 30, 2017.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no findings for the year ended June 30, 2017.

EMPLOYMENT OPPORTUNITY & TRAINING CENTER
OF NORTHEASTERN PENNSYLVANIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2017

PRIOR AUDIT FINDINGS - JUNE 30, 2016

There were no findings required to be reported under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance").