

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

**FINANCIAL STATEMENTS
AND
ADDITIONAL INFORMATION
AND
SINGLE AUDIT REPORTS
JUNE 30, 2016 AND 2015**

EMPLOYMENT OPPORTUNITY & TRAINING CENTER
OF NORTHEASTERN PENNSYLVANIA

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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, 2016 and 2015, 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, 2016 and 2015, 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 November 14, 2016, 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.

A handwritten signature in cursive script, appearing to read "Joseph F. Kahan", followed by the text "& Co., PC".

Moosic, PA
November 14, 2016

EMPLOYMENT OPPORTUNITY & TRAINING CENTER
OF NORTHEASTERN PENNSYLVANIA

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 113,503	\$ 229,198
Grants receivable	211,621	282,202
Prepaid expenses	<u>23,701</u>	<u>24,864</u>
Total Current Assets	348,825	536,264
ENDOWMENT INVESTMENT - RESTRICTED	5,332	5,331
PROPERTY AND EQUIPMENT, net	<u>2,232,142</u>	<u>2,234,475</u>
	<u>\$ 2,586,299</u>	<u>\$ 2,776,070</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Demand note payable	\$ 169,000	\$ 89,500
Current portion of note payable	23,960	30,165
Accounts payable	14,219	60,759
Payroll and related taxes payable	53,817	52,053
Accrued expenses	49,409	62,292
Deferred revenue	<u>107,380</u>	<u>84,087</u>
Total Current Liabilities	417,785	378,856
NOTE PAYABLE, net of current portion	<u>860,330</u>	<u>866,307</u>
Total Liabilities	<u>1,278,115</u>	<u>1,245,163</u>
NET ASSETS:		
Unrestricted	1,104,679	1,225,788
Temporarily restricted	198,190	299,804
Permanently restricted	<u>5,315</u>	<u>5,315</u>
Total Net Assets	<u>1,308,184</u>	<u>1,530,907</u>
	<u>\$ 2,586,299</u>	<u>\$ 2,776,070</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, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
UNRESTRICTED NET ASSETS:		
Revenue and Support:		
Fees and grants	\$ 1,521,848	\$ 1,708,530
Contributions	85,167	169,698
Fundraising events	75,160	81,523
Program service fees	760	2,140
Rental income	45,873	46,336
Interest income	33	93
Miscellaneous	<u>303</u>	<u>223</u>
Total Unrestricted Revenue and Support	1,729,144	2,008,543
Net Assets Released from Restrictions:		
Restrictions satisfied by payments	<u>193,475</u>	<u>154,257</u>
Total Unrestricted Revenues, Gains, and Other Support	<u>1,922,619</u>	<u>2,162,800</u>
Expenses:		
Program Services:		
Community programming	1,461,201	1,531,347
Supporting Services:		
Management and general	491,465	416,030
Fundraising	<u>91,062</u>	<u>172,191</u>
Total Expenses	<u>2,043,728</u>	<u>2,119,568</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>(121,109)</u>	<u>43,232</u>
TEMPORARILY RESTRICTED NET ASSETS:		
Contributions	91,861	118,650
Net Assets Released from Restrictions:		
Restrictions satisfied by payments	<u>(193,475)</u>	<u>(154,257)</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>(101,614)</u>	<u>(35,607)</u>
CHANGE IN NET ASSETS	(222,723)	7,625
NET ASSETS - Beginning	<u>1,530,907</u>	<u>1,523,282</u>
NET ASSETS - Ending	<u>\$ 1,308,184</u>	<u>\$ 1,530,907</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, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (222,723)	\$ 7,625
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	94,851	93,730
Bad debt expense	-	200
Changes in current assets and current liabilities:		
Grants receivable	70,581	(156,216)
Prepaid expenses	1,163	(3,741)
Unconditional promises to give	-	5,000
Other current assets	-	88,306
Accounts payable	(46,540)	19,169
Payroll and related taxes payable	1,764	(36,682)
Accrued expenses	(12,883)	(1,317)
Deferred revenue	<u>23,293</u>	<u>49,568</u>
Net Cash Provided (Used) by Operating Activities	<u>(90,494)</u>	<u>65,642</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	<u>(92,518)</u>	<u>(65,771)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Interest earned on restricted endowment	(1)	-
Repayment of restricted endowment	-	(262)
Proceeds from (repayment of) demand note payable, net	79,500	(34,284)
Proceeds from note payable	890,000	-
Payments on note payable	<u>(902,182)</u>	<u>(28,799)</u>
Net Cash Provided (Used) by Financing Activities	<u>67,317</u>	<u>(63,345)</u>
NET CHANGE IN CASH	(115,695)	(63,474)
CASH BALANCE - Beginning	<u>229,198</u>	<u>292,672</u>
CASH BALANCE - Ending	<u>\$ 113,503</u>	<u>\$ 229,198</u>
SUPPLEMENTAL INFORMATION:		
Interest paid	<u>\$ 35,305</u>	<u>\$ 34,639</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, 2016 AND 2015

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, 2016 AND 2015

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, 2016 AND 2015

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, 2013.

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 \$3,977 and \$3,089 for the years ended June 30, 2016 and 2015, respectively.

Subsequent Events

Management has evaluated subsequent events through November 14, 2016 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, 2016.

EMPLOYMENT OPPORTUNITY & TRAINING CENTER
OF NORTHEASTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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, 2016 and 2015, respectively.

NOTE 3: PROPERTY AND EQUIPMENT

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

	<u>2016</u>	<u>2015</u>
Building and improvements	\$ 2,384,278	\$ 2,291,759
Equipment	153,520	178,068
Land	<u>133,102</u>	<u>133,102</u>
	2,670,900	2,602,929
Less: accumulated depreciation	<u>(438,758)</u>	<u>(368,454)</u>
	<u>\$ 2,232,142</u>	<u>\$ 2,234,475</u>

Depreciation expense was \$94,851 and \$93,730 for the years ended June 30, 2016 and 2015, respectively.

NOTE 4: DEMAND NOTE PAYABLE

EOTC has a \$200,000 line-of-credit with interest payable monthly at the prime rate plus .50% (4.0% at June 30, 2016). 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, 2016 and 2015 was \$169,000 and \$89,500, respectively. In August 2016, the line-of-credit was increased to \$250,000.

EMPLOYMENT OPPORTUNITY & TRAINING CENTER
OF NORTHEASTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 5: NOTE PAYABLE

Note payable consists of the following at June 30,:

	<u>2016</u>	<u>2015</u>
Bank note payable refinanced in March 2016.	\$ -	\$ 896,472
Bank note payable in monthly installments of \$4,366, 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 \$2,145,563.	884,290	-
Less: current portion	<u>(23,960)</u>	<u>(30,165)</u>
	<u>\$ 860,330</u>	<u>\$ 866,307</u>

The minimum annual principal payments on the note as of June 30, 2016 are as follows:

<u>Year ending</u> <u>June 30,</u>	<u>Amount</u>
2017	\$ 23,960
2018	24,749
2019	25,563
2020	26,404
2021	27,273
Thereafter	<u>756,341</u>
	<u>\$ 884,290</u>

NOTE 6: RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2016</u>	<u>2015</u>
7th Avenue building, parking lot, and park	\$ 84,655	\$ 168,228
Women in Transition	-	31,968
Incredible Years	64,614	29,443
Parents as Teachers and Incredible Years	16,720	26,405
Other program services	<u>32,201</u>	<u>43,760</u>
	<u>\$ 198,190</u>	<u>\$ 299,804</u>

EMPLOYMENT OPPORTUNITY & TRAINING CENTER
OF NORTHEASTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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, 2016 and 2015, EOTC expended funds from temporarily restricted net assets for the following purposes:

	<u>2016</u>	<u>2015</u>
7th Avenue building, parking lot, and park	\$ 98,573	\$ 72,200
Programs for families and children	<u>94,902</u>	<u>82,057</u>
	<u>\$ 193,475</u>	<u>\$ 154,257</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. EOTC will make non-matching contributions equal to 3% of a participant's compensation. Individual accounts have been established and contributions by EOTC of \$30,290 and \$35,711 were made for the years ended June 30, 2016 and 2015, 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, 2016 AND 2015

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 the years ended June 30, 2016 and 2015, revenue from one government agency represented 44% and 67% of total revenue, respectively. At June 30, 2016 and 2015, grants receivable from this agency represented 47% and 42%, respectively, 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, 2016

	Program Services							
	<u>Early Head Start</u>	<u>Access Visitation</u>	<u>Womens Mentoring</u>	<u>Parents as Teachers</u>	<u>Pathways to Fatherhood</u>	<u>Time Limited Family Reunification</u>	<u>Local Prisoners Program</u>	<u>Restrictive Intermediate Program</u>
Salaries and wages	\$ 158,559	\$ 48,465	\$ 121,446	\$ 108,404	\$ 60,244	\$ 75,921	\$ 57,832	\$ 21,258
Employee benefits	53,334	9,755	30,927	33,923	15,715	19,296	12,733	6,853
Depreciation	11,572	3,320	9,580	8,537	5,501	5,691	3,699	1,328
Equipment and maintenance	5,782	676	3,063	5,207	184	7,244	1,088	-
Travel	10,825	66	2,899	5,201	8,126	3,638	611	-
Support services	-	-	12,478	579	9,894	33	(25)	-
Printing and supplies	1,059	438	4,432	3,666	2,074	2,433	936	-
Loan interest	-	-	-	-	-	-	-	-
Subcontractors	-	4,809	6,250	899	-	526	500	-
Occupancy	942	51	1,738	1,913	5,808	983	328	-
Insurance	954	1,102	4,788	2,382	721	269	270	-
Telephone	1,683	400	1,174	3,915	1,016	1,973	163	68
Consultant	-	-	2,742	677	1,120	1,300	-	-
Program supplies	1,608	534	1,993	3,603	2,462	539	243	29
Staff development	65	233	1,560	2,960	1,314	820	10	-
Accounting	2,333	800	675	675	650	1,000	1,150	-
Special events	-	-	-	165	-	-	-	-
Program incentives	-	-	-	-	3,000	-	-	-
Advertising	-	-	776	292	914	-	-	-
Miscellaneous	-	-	-	39	-	-	-	-
Postage	-	-	242	88	84	-	-	-
Total	\$ 248,716	\$ 70,649	\$ 206,521	\$ 183,037	\$ 118,743	\$ 121,666	\$ 79,538	\$ 29,536

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			
	Incredible Years	Re-Entry Program	Veterans Court	Toddler Play Group	LSDDAP Drug and Alcohol	Total Program Services	Management and General	Fundraising	Total Expenses
Salaries and wages	\$ 114,389	\$ 64,699	\$ 55,855	\$ 8,420	\$ -	\$ 895,492	\$ 260,095	\$ 64,110	\$ 1,219,697
Employee benefits	24,083	8,722	13,967	2,266	-	231,574	109,936	13,826	355,336
Depreciation	9,580	4,553	3,509	664	285	67,819	27,032	-	94,851
Equipment and maintenance	7,446	1,932	1,019	11	-	33,652	16,132	-	49,784
Travel	6,574	881	727	1,139	-	40,687	174	121	40,982
Support services	7,871	5,470	-	413	-	36,713	158	503	37,374
Printing and supplies	3,789	3,637	8	231	-	22,703	9,338	3,441	35,482
Loan interest	-	-	-	-	-	-	35,305	-	35,305
Subcontractors	10,031	313	-	93	-	23,421	8,193	-	31,614
Occupancy	2,049	1,868	402	112	-	16,194	5,797	-	21,991
Insurance	1,248	1,542	103	685	-	14,064	5,448	-	19,512
Telephone	2,292	532	503	242	-	13,961	4,412	350	18,723
Consultant	3,293	826	-	-	5,750	15,708	850	304	16,862
Program supplies	5,005	17	210	304	-	16,547	39	-	16,586
Staff development	2,817	2,500	-	364	250	12,893	1,907	518	15,318
Accounting	1,875	1,239	-	-	-	10,397	1,786	-	12,183
Special events	2,525	-	-	(358)	-	2,332	579	5,668	8,579
Program incentives	1,414	-	-	-	-	4,414	-	-	4,414
Advertising	-	-	-	-	-	1,982	758	1,237	3,977
Miscellaneous	11	-	-	30	-	80	3,357	91	3,528
Postage	147	-	7	-	-	568	169	893	1,630
Total	\$ 206,439	\$ 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 FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015**

	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	\$ 123,784	\$ 55,176	\$ 93,244	\$ 84,363	\$ 154,292	\$ 70,514	\$ 44,748	\$ 21,819	\$ 89,846
Employee benefits	42,526	10,385	22,903	27,496	37,974	18,709	11,616	6,667	21,385
Depreciation	9,641	3,884	7,838	7,005	14,080	5,549	3,052	1,457	7,213
Occupancy	7,376	2,822	3,786	5,616	10,462	4,470	1,022	-	2,771
Support services	-	-	23,249	211	40,599	142	-	-	5,876
Subcontractors	-	3,599	-	2,803	364	3,648	-	-	5,825
Printing and supplies	3,844	1,036	1,198	3,399	4,980	1,880	2,033	-	2,420
Travel	8,357	35	720	3,593	9,637	3,448	550	-	4,664
Loan interest	-	-	-	-	-	-	-	-	-
Program supplies	588	1,254	2,738	461	2,612	1,922	404	-	640
Telephone	2,479	641	1,211	2,996	2,008	2,114	139	77	757
Insurance	1,400	1,502	2,437	1,553	2,826	928	536	-	2,166
Staff development	355	117	2,223	3,545	5,466	965	72	-	1,377
Consultant	104	-	71	-	3,408	359	-	-	718
Accounting	-	800	1,200	540	1,800	1,325	-	-	525
Special events	1,210	-	-	-	-	-	-	-	-
Equipment and maintenance	160	-	1,309	1,212	2,032	18	264	-	1,080
Curriculum materials	-	-	-	-	-	-	-	-	3,080
Program incentives	-	-	-	-	3,245	-	-	-	1,332
Advertising	-	-	108	415	325	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Postage	51	114	130	-	74	46	-	-	42
Total	\$ 201,875	\$ 81,365	\$ 164,365	\$ 145,208	\$ 296,184	\$ 116,037	\$ 64,436	\$ 30,020	\$ 151,717

See independent auditors' report.

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

**SCHEDULE OF FUNCTIONAL EXPENSES (CONT'D)
YEAR ENDED JUNE 30, 2015**

	Program Services							Supporting Services		
	Re-Entry Program	Veterans Court	Toddler Play Group	Arts Alive Mentoring	Adult Literacy	Other Programs	Total Program Services	Management and General	Fundraising	Total Expenses
Salaries and wages	\$ 36,856	\$ 20,167	\$ 7,043	\$ 6,480	\$ 7,913	\$ 56,913	\$ 873,158	\$ 219,645	\$ 133,610	\$ 1,226,413
Employee benefits	5,496	4,075	1,984	1,996	1,914	13,016	228,142	86,204	29,354	343,700
Depreciation	3,052	1,248	902	1,526	-	2,913	69,360	24,370	-	93,730
Occupancy	2,870	8	1,958	-	136	1,398	44,695	38,561	-	83,256
Support services	4,716	10	128	-	-	2,410	77,341	-	-	77,341
Subcontractors	-	-	1,552	16,500	-	16,681	50,972	150	-	51,122
Printing and supplies	2,291	286	1,089	45	-	1,905	26,406	7,945	1,954	36,305
Travel	304	-	564	270	125	3,853	36,120	89	-	36,209
Loan interest	-	-	-	-	-	-	-	34,639	-	34,639
Program supplies	729	-	168	1,025	890	8,849	22,280	-	29	22,309
Telephone	309	176	489	-	114	1,391	14,901	3,842	-	18,743
Insurance	402	75	651	-	-	-	14,476	3,876	-	18,352
Staff development	-	-	275	-	-	2,438	16,833	-	174	17,007
Consultant	-	500	-	2,950	770	3,340	12,220	-	-	12,220
Accounting	1,239	-	421	-	100	3,000	10,950	-	-	10,950
Special events	-	-	941	762	-	1,059	3,972	224	4,245	8,441
Equipment and maintenance	2,756	241	-	-	1,600	3,872	14,544	(6,468)	-	8,076
Curriculum materials	3,111	-	-	-	230	760	7,181	-	-	7,181
Program incentives	-	-	-	-	-	-	4,577	-	-	4,577
Advertising	-	-	-	-	-	12	860	1,093	1,136	3,089
Miscellaneous	-	-	79	-	400	1,219	1,698	1,665	612	3,975
Postage	-	-	68	10	-	126	661	195	1,077	1,933
Total	\$ 64,131	\$ 26,786	\$ 18,312	\$ 31,564	\$14,192	\$ 125,155	\$ 1,531,347	\$ 416,030	\$ 172,191	\$ 2,119,568

See independent auditors' report.

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016**

<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:				
Direct Award:				
Promoting Responsible Fatherhood	93.086	90FK0018-04	10/01/14 - 09/30/15	\$ 109,412
Pass-through grant programs from the County of Lackawanna, Pennsylvania:				
Promoting Safe and Stable Families	93.556	4100057301	07/01/15 - 06/30/16	123,379
Promoting Safe and Stable Families	93.556	4100066986	07/01/15 - 06/30/16	138,471
				<u>261,850</u>
Community-Based Child Abuse Prevention Grants	93.590	4100057087	07/01/15 - 06/30/16	30,600
Grants to States for Access and Visitation Programs	93.597	4100065528	10/01/14 - 09/30/15	20,849
Grants to States for Access and Visitation Programs	93.597	4100065528	10/01/15 - 09/30/16	61,345
				<u>82,194</u>
Pass-through grant programs from the Scranton-Lackawanna Human Development Agency:				
Early Head Start	93.600	03CH0529-50	02/01/15 - 01/31/16	143,927
Early Head Start	93.600	03CH0529-51	02/01/16 - 01/31/17	125,911
				<u>269,838</u>
Total U.S. Department of Health and Human Services				<u>753,894</u>
U.S. DEPARTMENT OF JUSTICE:				
Direct Award:				
Women in Transition	16.738	2014-CY-BX-0013	10/01/14 - 09/30/15	43,888
Women in Transition	16.738	2014-CY-BX-0014	10/01/15 - 09/30/16	106,716
				<u>150,604</u>
Pass-through grant programs from the Pennsylvania Commission on Crime and Delinquency:				
Women in Transition Expansion	16.738	2011-DJ-BX-2218	10/01/14 - 09/30/15	26,347
PCCD Re-Entry	16.738	2013-JG-04-25060	10/01/14 - 09/30/15	36,378
PCCD Re-Entry	16.738	2013-JG-04-25060	10/01/15 - 09/30/16	77,925
				<u>140,650</u>
Total U.S. Department of Justice				<u>291,254</u>
				<u>\$ 1,045,148</u>

See accompanying 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, 2016

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, 2016, 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 November 14, 2016.

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.

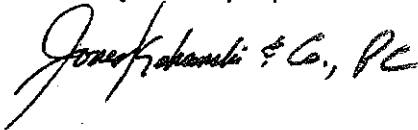
Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies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

A handwritten signature in cursive script, appearing to read "Jones & Co., PC", is written over the printed name.

Moosic, PA
November 14, 2016

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, 2016. 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, 2016.

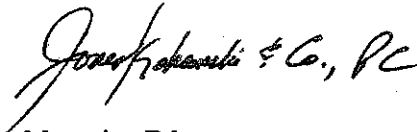
Report on Internal Control Over Compliance

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 cursive script, appearing to read "Joseph J. ... & Co., PC".

Moosic, PA
November 14, 2016

EMPLOYMENT OPPORTUNITY & TRAINING CENTER
OF NORTHEASTERN PENNSYLVANIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

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>
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93.600

Early Headstart

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, 2016

SECTION II - FINANCIAL STATEMENT FINDINGS

There are no findings for the year ended June 30, 2016.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no findings for the year ended June 30, 2016.

EMPLOYMENT OPPORTUNITY & TRAINING CENTER
OF NORTHEASTERN PENNSYLVANIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2016

PRIOR AUDIT FINDINGS - JUNE 30, 2015

There were no findings required to be reported under OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, for the year ended June 30, 2015.