

Audited  
Financial  
Statements

September 30,  
2022

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**Capital Resource  
Conservation and  
Development Area  
Council, Inc.**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Capital Resource Conservation and Development Area Council, Inc.  
Carlisle, Pennsylvania

### ***REPORT ON THE AUDIT OF FINANCIAL STATEMENTS***

#### ***Opinion***

We have audited the accompanying financial statements of Capital Resource Conservation and Development Area Council, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Capital Resource Conservation and Development Area Council, Inc. as of September 30, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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. 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 Capital Resource Conservation and Development Area Council, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management 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, 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Capital Resource Conservation and Development Area Council, Inc.'s ability to continue as a going concern within one year after the date that 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 generally accepted auditing standards 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, forger, 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 generally accepted auditing standards 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 Capital Resource Conservation and Development Area Council, Inc.'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 Capital Resource Conservation and Development Area Council, Inc.'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 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 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 January 30, 2023, on our consideration of the Capital Resource Conservation and Development Area Council, Inc.'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 Capital Resource Conservation and Development Area Council, Inc.'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 Capital Resource Conservation and Development Area Council, Inc.'s internal control over financial reporting and compliance.

*Smith Elliott Kearn & Company, LLC.*

Camp Hill, Pennsylvania  
January 30, 2023

**CAPITAL RESOURCE CONSERVATION AND DEVELOPMENT AREA COUNCIL, INC.**  
**Statements of Financial Position**  
**September 30, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 80,706	\$ 160,668
Grants receivable	125,246	73,341
Prepaid expenses	1,429	1,618
	<u>207,381</u>	<u>235,627</u>
Total current assets	<u>207,381</u>	<u>235,627</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 207,381</u></b>	<b><u>\$ 235,627</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 36,629	\$ 15,947
Accrued payroll and benefits	73,768	68,447
Deferred revenue	3,166	57,792
	<u>113,563</u>	<u>142,186</u>
Total current liabilities	<u>113,563</u>	<u>142,186</u>
<b>Net Assets</b>		
Net assets without donor restrictions	<u>93,818</u>	<u>93,441</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 207,381</u></b>	<b><u>\$ 235,627</u></b>

**CAPITAL RESOURCE CONSERVATION AND DEVELOPMENT AREA COUNCIL, INC.****Statements of Activities****Years Ended September 30, 2022 and 2021**

	2022	2021
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>Support and Revenue</b>		
NRCS grants	\$ 787,321	\$ 869,442
National Fish and Wildlife Federation	190,192	131,133
DEP Tillage Survey	99,751	125,377
Other private funding grants	44,781	5,525
Other state grants	-	271
County contributions	2,100	2,100
Contributions	100	35
Interest income	194	270
Miscellaneous income	702	13,757
Sponsorship income	200	-
Paycheck Protection Program loan forgiveness	-	26,500
	<u>1,125,341</u>	<u>1,174,410</u>
<b>Functional Expenses</b>		
Program services	1,032,761	1,027,239
Management and general	92,203	101,487
	<u>1,124,964</u>	<u>1,128,726</u>
<b>Increase in Net Assets Without Donor Restrictions</b>	377	45,684
Net assets without donor restrictions - Beginning	<u>93,441</u>	<u>47,757</u>
Net assets without donor restrictions - Ending	<u>\$ 93,818</u>	<u>\$ 93,441</u>

**CAPITAL RESOURCE CONSERVATION AND DEVELOPMENT AREA COUNCIL, INC.**  
**Statement of Functional Expenses**  
**Year Ended September 30, 2022**

	Program services	Management and general	Totals
Contracted services	\$ 151,254	-	\$ 151,254
Salaries	724,348	57,001	781,349
Payroll taxes	63,666	4,825	68,491
Employee benefits	43,005	1,473	44,478
Legal fees	1,664	-	1,664
Accounting fees	-	10,950	10,950
Rent expense	-	9,940	9,940
Conferences and meetings	600	-	600
Dues and subscriptions	106	747	853
Insurance	-	2,773	2,773
Miscellaneous	5,017	2,886	7,903
Postage and delivery	37	58	95
Printing and reproduction	23	-	23
Computer supplies	670	352	1,022
Office supplies	910	1,148	2,058
Travel	41,461	50	41,511
	<u>\$ 1,032,761</u>	<u>\$ 92,203</u>	<u>\$ 1,124,964</u>



**CAPITAL RESOURCE CONSERVATION AND DEVELOPMENT AREA COUNCIL, INC.****Statement of Functional Expenses****Year Ended September 30, 2021**

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	<b>Program services</b>	<b>Management and general</b>	<b>Totals</b>
Contracted services	\$ 100,767	-	\$ 100,767
Salaries	760,292	53,446	813,738
Payroll taxes	69,453	4,768	74,221
Employee benefits	44,893	1,618	46,511
Legal fees	2,000	-	2,000
Accounting fees	-	9,200	9,200
Rent expense	-	10,740	10,740
Dues and subscriptions	-	476	476
Insurance	-	2,670	2,670
Miscellaneous	2,979	17,294	20,273
Postage and delivery	28	119	147
Printing and reproduction	-	14	14
Computer supplies	3,738	229	3,967
Office supplies	361	878	1,239
Travel	42,728	35	42,763
	<u>\$ 1,027,239</u>	<u>\$ 101,487</u>	<u>\$ 1,128,726</u>

**CAPITAL RESOURCE CONSERVATION AND DEVELOPMENT AREA COUNCIL, INC.****Statements of Cash Flows****Years Ended September 30, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 377	\$ 45,684
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Forgiveness of paycheck protection program loan	-	(26,500)
Changes in assets and liabilities:		
Grants receivable	(51,905)	18,302
Prepaid expenses	189	(103)
Accounts payable	20,682	(2,273)
Accrued payroll and benefits	5,321	5,683
Deferred revenue	(54,626)	56,188
Net cash provided by (used in) operating activities	<u>(79,962)</u>	<u>96,981</u>
Net increase (decrease) in cash	(79,962)	96,981
<b>CASH AT BEGINNING OF YEAR</b>	<u>160,668</u>	<u>63,687</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 80,706</u>	<u>\$ 160,668</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	<u>\$ 30</u>	<u>\$ 71</u>

# CAPITAL RESOURCE CONSERVATION AND DEVELOPMENT AREA COUNCIL, INC.

## Notes to the Financial Statements

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### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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#### ***Purpose of Organization***

Capital Resource Conservation and Development Area Council, Inc. (the Organization) is a nonprofit corporation that networks people, resources, and projects to promote responsible use and conservation of the region's natural, community and economic resources. The Organization serves Adams, Cumberland, Dauphin, Franklin, Lancaster, Lebanon, and York counties. The Organization is supported primarily by grants from the Natural Resources Conversation Service (NRCS) of the United States Department of Agriculture, as well as Pennsylvania Department of Environmental Protection (DEP) Tillage Survey grants.

#### ***Basis of Accounting***

The Organization prepares its financial statements on the accrual basis of accounting, with support and revenue recognized when earned and expenses recognized when incurred.

#### ***Cash and Cash Equivalents***

For purposes of these financial statements, cash and cash equivalents include all highly liquid investments with an initial maturity date of three months or less.

#### ***Grants Receivable***

Grants receivable are stated at outstanding balances. The Organization considers grants receivable to be fully collectible. If collection becomes doubtful, an allowance for doubtful accounts will be established, or the accounts will be charged to expense 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.

#### ***Prepaid Expense***

Prepaid expenses consist of expenses paid for miscellaneous items and services, which relate to a future period.

#### ***Deferred Revenue***

Grant revenue is recognized when earned and as related expenses are incurred. Grant proceeds received in advance of the related spending are recorded as deferred revenue and are then recognized as revenue as expenses are incurred.

**CAPITAL RESOURCE CONSERVATION AND DEVELOPMENT AREA COUNCIL, INC.**  
**Notes to the Financial Statements**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Net Assets***

The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

- Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions. Without donor restriction net assets may be designated for specific purposes action of the Board of Directors.
- Net assets with donor restrictions - Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time and net assets subject to donor-imposed restrictions that are to be maintained permanently by the Organization. There were no net assets with donor restrictions at September 30, 2022 and 2021.

***Contributions***

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions support depending on the existence and/or nature of any donor restrictions. Contributions, including unconditional promises to give, are recorded as revenues in the period the promise is made. Conditional promises to give are not recognized until the conditions are met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions that are restricted by the donor are reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restriction. When a restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**CAPITAL RESOURCE CONSERVATION AND DEVELOPMENT AREA COUNCIL, INC.**  
**Notes to the Financial Statements**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Revenue Recognition***

The Organization generates substantially all of its revenue from grants.

The Organization determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with the customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, the Organization satisfies a performance obligation

The Organization receives grants from governmental entities, which are used for specific purposes. Governmental entities typically provide grant funds on a reimbursement basis. Therefore, the Organization will submit the amount of expenses incurred, and the governmental entities will reimburse the Organization for those costs. Grant funds are evaluated when received to determine if they are an exchange transaction or a non-exchange transaction. For grants that come with specific performance obligations, the Organization will recognize revenue when those performance obligations are met. The Organization tracks the progress on each of these performance obligations, so they know when to recognize the revenue. Other grants and contributions that fund the Organization's overall mission and do not contain any performance obligations are considered non-exchange transactions and are generally recorded as revenue when received.

For grant funds with performance obligations, to comply with these steps, the Organization will submit progress reports to the contractors and grantors once a performance obligation is completed. Based on the terms of the agreements, the Organization recognizes revenue once the contractor or grantor approves the progress reports, denoting the performance obligation has been met.

***Functional Expenses***

Expenses are charged to programs and supporting services based on actual expenses. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for overall support and direction of the Organization.

**CAPITAL RESOURCE CONSERVATION AND DEVELOPMENT AREA COUNCIL, INC.**  
**Notes to the Financial Statements**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Tax-Exempt Status***

The Organization has elected under provisions of the Internal Revenue Code Section 501(c)(3), and under the laws of the Commonwealth of Pennsylvania to be exempt from federal and state income taxes. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Organization is not deemed to be a private foundation by the Internal Revenue Service.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization, including whether the entity is exempt from income taxes. The Organization's policy is to recognize interest and penalties on unrecognized tax positions in income tax expense in the financial statements. Management evaluated the tax positions taken and concludes that the Organization 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. Tax returns are generally subject to examination for a period of three years after they are filed.

***Use of Estimates***

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Estimates affecting the financial statements are functional allocations of expenses, which are based, in part, on management's estimates. Accordingly, actual results could differ from those estimates.

**NOTE 2 FINANCIAL ASSETS AND LIQUIDITY RESOURCES**

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The Organization's financial assets available within one year of the statement of financial position for general expenditures are as follows:

	<b>2022</b>	<b>2021</b>
Financial Assets:		
Cash	\$ 80,706	\$ 160,668
Grants receivable	<u>125,246</u>	<u>73,341</u>
Total financial assets available within one year	<u>\$ 205,952</u>	<u>\$ 234,009</u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

As described in Note 6, the Organization also maintains a \$ 50,000 line of credit with a bank to provide liquidity as needed.

# CAPITAL RESOURCE CONSERVATION AND DEVELOPMENT AREA COUNCIL, INC.

## Notes to the Financial Statements

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### NOTE 3 CONTINGENCIES AND UNCERTAINTIES

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The Organization's funding sources reserve the right to perform audit work. Disallowed costs, if any, resulting from such work would have to be absorbed by the Organization. Management does not believe that any significant costs would be incurred by the Organization from audits by the funding agencies.

Recent economic and government reactions to the COVID-19 pandemic have resulted in temporary reductions or shut down of operations for some businesses and created many economic uncertainties. These events could impact our financial condition and operating results. However, the financial impact and duration cannot be reasonably estimated at this time.

### NOTE 4 OPERATING LEASE

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The Organization leases office space under a month-to-month operating lease, with either party having the option to terminate the lease by giving a 90-day written notice of intent. Total rent expense, including utilities, for the years ended September 30, 2022 and 2021 was \$ 9,940 and \$ 10,740, respectively.

### NOTE 5 PAYCHECK PROTECTION PROGRAM LOAN

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In April 2020, the Organization secured and received funding totaling \$ 157,500 from the Paycheck Protection Program, a government program authorizing loans to small businesses to cover payroll costs, rent and utility costs over an 8 or 24-week period. The loan may become due if the Organization uses funds for anything besides these costs or does not incur enough of qualified costs and bears a fixed interest rate of 1.00%. During the year ended September 30, 2020, the Organization repaid \$ 131,000 of the principal balance of this loan after determining it would not incur enough qualified costs to qualify for loan forgiveness on the repaid amount. The remaining principal balance of the loan as of September 30, 2020, was \$ 26,500, which was fully forgiven by the U.S. Small Business Administration in November 2020.

### NOTE 6 LINE OF CREDIT

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The Organization maintains a \$ 50,000 line of credit, bearing interest at the prime rate plus 1%. The line is collateralized by substantially all business assets. At September 30, 2022 and 2021, there was no balance on the line.

### NOTE 7 CONCENTRATION OF CREDIT RISK

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Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents held with financial institutions. Accounts at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$ 250,000. At times, the balances may exceed federally insured limits, which management considers a normal business risk.

**CAPITAL RESOURCE CONSERVATION AND DEVELOPMENT AREA COUNCIL, INC.**  
**Notes to the Financial Statements**

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**NOTE 8    SUBSEQUENT EVENTS**

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The Organization has evaluated events and transactions subsequent to September 30, 2022 through January 30, 2023, the date these financial statements were available to be issued. Based on the definitions and requirements of generally accepted accounting principles, the Organization has not identified any events that have occurred subsequent to September 30, 2022 that require recognition or disclosure in the financial statements.



**SUPPLEMENTAL INFORMATION**

**CAPITAL RESOURCE CONSERVATION AND DEVELOPMENT AREA COUNCIL, INC.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2022**

Pass Through Grantor / Program Title	Source Code	Federal Assistance Listing Number	Pass-Through Grantor's Number	Expenditures	Passed through to Subrecipients
<b>UNITED STATES ENVIRONMENTAL PROTECTION AGENCY</b>					
<b>Chesapeake Bay Program</b>					
Passed through the Pennsylvania Department of Environmental Protection, Chesapeake Bay Watershed BMP	I	66.466	4100082072	\$ 99,751	\$ -
Passed through National Fish and Wildlife Foundation, increased rotational grazing support and advisement	I	66.466	0602.18.062268	1,773	-
Passed through the Franklin County Conservation District, BMP Verification Program	I	66.466	ContractCapRCD00	27,761	-
Total Chesapeake Bay Program				129,285	-
Total United States Environmental Protection Agency				129,285	-
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>					
<b>Natural Resources Conservation Service:</b>					
<b>Conservation Reserve Program</b>					
Technical Assistance to Amplify the Benefits and Impact of NRCS Programs	D	10.069	NR202D37XXXXC002	86,217	-
<b>Soil and Water Conservation</b>					
Technical Assistance to Amplify the Benefits and Impact of NRCS Programs	D	10.902	NR202D37XXXXC002	395,791	-
<b>Environmental Quality Incentives Program</b>					
Technical Assistance to Amplify the Benefits and Impact of NRCS Programs	D	10.912	NR202D37XXXXC002	168,967	-
Carbon Sequestration - Monitor soil organic carbon, NPK, soil moisture and soil temperature on a real time basis	D	10.912	NR222D37XXXXG003	926	-
<b>Conservation Stewardship Program</b>					
Technical Assistance to Amplify the Benefits and Impact of NRCS Programs	D	10.924	NR202D37XXXXC002	104,121	-
<b>Agricultural Conservation Easement Program</b>					
Technical Assistance to Amplify the Benefits and Impact of NRCS Programs	D	10.931	NR202D37XXXXC002	31,299	-
Total Natural Resources Conservation Service				787,321	-
<b>Passed through Chesapeake Bay Foundation:</b>					
<b>Soil and Water Conservation</b>					
Mountain to Bay - Increase rotational grazing support and advisement	I	10.902	0603.18.062784	65,978	-
Mountain to Bay - Increase rotational grazing support and advisement	I	66.466	0603.20.069044	49,030	-
Mountain to Bay - Increase rotational grazing support and advisement	I	10.902	0602.18.062268	62	-
Mountain to Bay - Increase rotational grazing support and advisement	I	10.902	0602.19.065417	17,581	-
<b>Environmental Quality Incentives Program</b>					
Mountain to Bay - Increase rotational grazing support and advisement	I	10.912	0602.18.062268	66	-
<b>Conservation Stewardship Program</b>					
Mountain to Bay - Increase rotational grazing support and advisement	I	10.924	0602.18.062268	77	-
Total Passed through Chesapeake Bay Foundation				132,794	-
Total United States Department of Agriculture				920,115	-
Total Federal Expenditures				\$ 1,049,400	\$ -
<b>Total by program</b>					
Total Conservation Reserve Program		10.069		\$ 86,217	
Total Soil and Water Conservation		10.902		479,412	
Total Environmental Quality Incentives Program		10.912		169,959	
Total Conservation Stewardship Program		10.924		104,198	
Total Agricultural Conservation Easement Program		10.931		31,299	
Total Chesapeake Bay Program		66.466		178,315	
				\$ 1,049,400	

**CAPITAL RESOURCE CONSERVATION AND DEVELOPMENT AREA COUNCIL, INC.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2022**

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**NOTE 1 REFERENCES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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- (I) Indirect funding
- (D) Direct funding

**NOTE 2 BASIS OF PRESENTATION**

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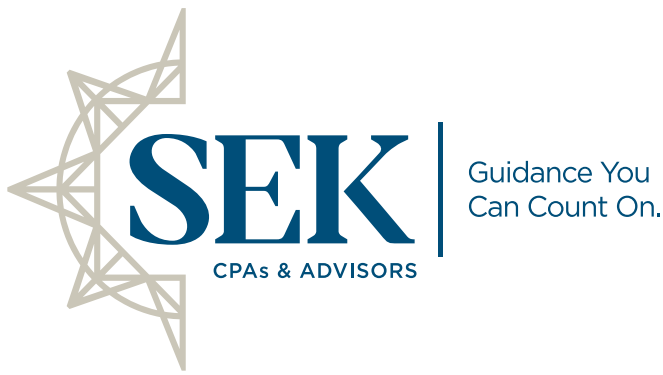
The schedule of expenditures of federal awards includes the federal grant activity of Capital Resource Conservation and Development Area Council, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Organization has elected to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.



## **INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Capital Resource Conservation and Development Area Council, Inc.  
Carlisle, 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 Capital Resource Conservation and Development Area Council, Inc. (the Organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 30, 2023.

### ***REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING***

In planning and performing our audit of the financial statements, we considered the Organization’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 Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’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 Organization’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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the 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 Organization's financial statements are free of 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 organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Smith Elliott Kears & Company, LLC.*

Camp Hill, Pennsylvania  
January 30, 2023



## **INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR ITS MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE***

Board of Directors  
Capital Resource Conservation and Development Area Council, Inc.  
Carlisle, Pennsylvania

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

#### ***Opinion on Each Major Federal Program***

We have audited Capital Resource Conservation and Development Area Council, Inc.’s (the Organization) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Organization’s major federal programs for the year ended September 30, 2022. The Organization’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 Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

#### ***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; 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). 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 Organization 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 Organization’s compliance with 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 Organization's federal program.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization'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 generally accepted auditing standards, *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 Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Organization'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 Organization'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 Organization'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 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.

*Smith Elliott Hearn & Company, LLC.*

Camp Hill, Pennsylvania  
January 30, 2023



**CAPITAL RESOURCE CONSERVATION AND DEVELOPMENT AREA COUNCIL, INC.**  
**Schedule of Findings and Questioned Costs**  
**September 30, 2022**

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

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies 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 Section 200.516?  Yes  No

Identification of major program(s):

CFDA Number(s)	Name of Federal Program or Cluster
10.902	Soil and Water Conservation

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

- Auditee qualified as low risk auditee?  Yes  No

## **Section II – Financial Statement Findings**

### **A. Significant Deficiencies or Material Weaknesses in Internal Control**

None noted

### **B. Compliance Findings**

There were no compliance findings related to the financial statement audit required to be reported.

## **Section III – Federal Findings and Questioned Costs**

### **A. Significant Deficiencies or Material Weaknesses in Internal Control over Compliance**

None noted

### **B. Compliance Findings**

There were no compliance findings related to the major federal awards as required to be reported in accordance with the Uniform Guidance by 2CFR Section 200.516.

**CAPITAL RESOURCE CONSERVATION AND DEVELOPMENT AREA COUNCIL, INC.**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended September 30, 2022**

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**Findings related to financial statements for year ended September 30, 2021:**

None

**Findings related to federal awards for year ended September 30, 2021:**

None