

Audited
Financial
Statements

September 30,
2021

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

CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of financial position	3
Statements of activities	4
Statements of functional expenses	5 - 6
Statements of cash flows	7
Notes to financial statements	8 - 12
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	13
Notes to the schedule of expenditures of federal awards	14
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 <i>GOVERNMENT AUDITING STANDARDS</i>	15 - 16
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR ITS MAJOR PROGRAM ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	17 - 18
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	19 - 20
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	21



INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Capital Resource Conservation and Development Area Council, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 Organization'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 Organization'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 Capital Resource Conservation and Development Area Council, Inc. as of September 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Capital Resource Conservation and Development Area Council, Inc. as of September 30, 2020, were audited by other auditors whose report dated January 22, 2021, expressed an unmodified opinion on those financial statements.

Other Matters

Other 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 March 17, 2022, 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 Hearn & Company, LLC.

Camp Hill, Pennsylvania
March 17, 2022

CAPITAL RESOURCE CONSERVATION AND DEVELOPMENT AREA COUNCIL, INC.
Statements of Financial Position
September 30, 2021 and 2020

	2021	2020
ASSETS		
Current Assets		
Cash	\$ 160,668	\$ 63,687
Grants receivable	73,341	91,643
Prepaid expenses	1,618	1,515
Total current assets	<u>235,627</u>	<u>156,845</u>
TOTAL ASSETS	<u><u>\$ 235,627</u></u>	<u><u>\$ 156,845</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 15,947	\$ 18,220
Accrued payroll and benefits	68,447	62,764
Deferred revenue	57,792	1,604
Paycheck Protection Program loan	-	26,500
Total current liabilities	<u>142,186</u>	<u>109,088</u>
Net Assets		
Net assets without donor restrictions	<u>93,441</u>	<u>47,757</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 235,627</u></u>	<u><u>\$ 156,845</u></u>

CAPITAL RESOURCE CONSERVATION AND DEVELOPMENT AREA COUNCIL, INC.**Statements of Activities****Years Ended September 30, 2021 and 2020**

	2021	2020
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Support and Revenue		
NRCS grants	\$ 869,442	\$ 854,692
National Fish and Wildlife Federation	131,133	165,159
DEP Tillage Survey	125,377	104,384
Other federal grants	-	14,903
Other private funding grants	5,525	7,707
Other state grants	271	-
County contributions	2,100	2,100
Contributions	35	170
Interest income	270	284
Miscellaneous Income	13,757	1,436
Paycheck Protection Program loan forgiveness	26,500	-
Total support and revenue	<u>1,174,410</u>	<u>1,150,835</u>
Functional Expenses		
Program services	1,027,239	1,056,738
Management and general	101,487	91,987
Total functional expenses	<u>1,128,726</u>	<u>1,148,725</u>
Increase in Net Assets Without Donor Restrictions	45,684	2,110
Net assets without donor restrictions - Beginning	<u>47,757</u>	<u>45,647</u>
Net assets without donor restrictions - Ending	<u>\$ 93,441</u>	<u>\$ 47,757</u>

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

	Program services	Management and general	Totals
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
Supplies	361	878	1,239
Travel	42,728	35	42,763
	<hr/>	<hr/>	<hr/>
	\$ 1,027,239	\$ 101,487	\$ 1,128,726

CAPITAL RESOURCE CONSERVATION AND DEVELOPMENT AREA COUNCIL, INC.**Statement of Functional Expenses****Year Ended September 30, 2020**

	Program services	Management and general	Totals
Contracted services	\$ 141,579	\$ -	\$ 141,579
Salaries	754,929	55,931	810,860
Payroll taxes	68,854	5,029	73,883
Employee benefits	43,081	2,790	45,871
Accounting fees	-	8,900	8,900
Rent expense	220	10,740	10,960
Conferences and meetings	871	89	960
Dues and subscriptions	-	653	653
Insurance	-	2,670	2,670
Miscellaneous	703	3,585	4,288
Postage and delivery	-	68	68
Printing and reproduction	77	-	77
Supplies	1,119	1,229	2,348
Travel	45,305	303	45,608
	<hr/>	<hr/>	<hr/>
	\$ 1,056,738	\$ 91,987	\$ 1,148,725

CAPITAL RESOURCE CONSERVATION AND DEVELOPMENT AREA COUNCIL, INC.**Statements of Cash Flows****Years Ended September 30, 2021 and 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 45,684	\$ 2,110
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	18,302	(61,955)
Prepaid expenses	(103)	23
Accounts payable	(2,273)	(649)
Accrued payroll and benefits	5,683	10,659
Deferred revenue	56,188	(20,602)
Net cash provided by (used in) operating activities	<u>96,981</u>	<u>(70,414)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	-	157,500
Repayments of Paycheck Protection Program loan	-	(131,000)
Net cash provided by financing activities	<u>-</u>	<u>26,500</u>
Net increase (decrease) in cash	96,981	(43,914)
CASH AT BEGINNING OF YEAR	<u>63,687</u>	<u>107,601</u>
CASH AT END OF YEAR	<u>\$ 160,668</u>	<u>\$ 63,687</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 71</u>	<u>\$ 24</u>

CAPITAL RESOURCE CONSERVATION AND DEVELOPMENT AREA COUNCIL, INC.

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, the Organization considers all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2021 and 2020.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Income Taxes

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.

The Organization follows generally accepted accounting principles (GAAP), which provides guidance on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The Organization's policy is to recognize interest and penalties on unrecognized tax matters in income tax expense in the financial statements. The Organization's tax returns are subject to examination by the Internal Revenue Service and state tax authorities, generally for a period of three years after the returns are filed.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

Expenses are charged to programs and supporting services on the basis of 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.

Use of Estimates

The preparation of financial statements in accordance with GAAP 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.

Concentrations

The Organization maintains bank deposits at several financial institutions. At times, the balances may exceed federally insured limits, which management considers a normal business risk.

NOTE 2 FINANCIAL ASSETS AND LIQUIDITY RESOURCES

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

	2021	2020
Financial Assets:		
Cash	\$ 160,668	\$ 63,687
Grants receivable	<u>73,341</u>	<u>91,643</u>
Total financial assets available within one year	<u><u>\$ 234,009</u></u>	<u><u>\$ 155,330</u></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

NOTE 3 CONTINGENCIES

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.

The COVID-19 outbreak in the United States and around the world has caused business disruption through mandated and voluntary closings. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration and extent of the economic impact. Therefore, it is reasonable to expect that the Organization's financial condition and operating results could be negatively impacted, but the degree of such impact is uncertain at this time.

NOTE 4 OPERATING LEASE

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, 2021 and 2020 was \$ 10,740.

NOTE 5 PAYCHECK PROTECTION PROGRAM LOAN

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

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, 2021 and 2020, there was no balance on the line.

NOTE 7 SUBSEQUENT EVENTS

The Organization has evaluated events and transactions subsequent to September 30, 2021 through March 17, 2022, the date these financial statements were available to be issued. Based on the definitions and requirements of GAAP, management has not identified any events that have occurred subsequent to September 30, 2021 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, 2021

Pass Through Grantor / Program Title	Source Code	CFDA #	Pass-Through Grantor's Number	Expenditures
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY				
Chesapeake Bay Program				
Passed through the Pennsylvania Department of Environmental Protection, Chesapeake Bay Watershed BMP	I	66.466	4100082072	\$ 125,377
Passed through National Fish and Wildlife Foundation				
Increased rotational grazing support and advisement	I	66.466	0602.18.062268	14,172
Total Chesapeake Bay Program				139,549
Total United States Environmental Protection Agency				139,549
UNITED STATES DEPARTMENT OF AGRICULTURE				
Natural Resources Conservation Service:				
Conservation Reserve Program				
Technical Assistance in USDA Service Centers, Technical Offices and State Office and Agreement Servicing	D	10.069	68-2D37-16-763	68,958
Wetlands Reserve Program				
Technical Assistance in USDA Service Centers, Technical Offices and State Office and Agreement Servicing	D	10.072	68-2D37-16-763	30,913
Soil and Water Conservation				
Technical Assistance in USDA Service Centers, Technical Offices and State Office and Agreement Servicing	D	10.902	68-2D37-16-763	111,558
Technical Assistance to Amplify the Benefits and Impact of NRCS Programs	D	10.902	NR202D37XXXXC002	261,525
Environmental Quality Incentives Program				
Technical Assistance in USDA Service Centers, Technical Offices and State Office and Agreement Servicing	D	10.912	68-2D37-16-763	53,596
Technical Assistance to Amplify the Benefits and Impact of NRCS Programs	D	10.912	NR202D37XXXXC002	205,484
Conservation Stewardship Program				
Technical Assistance in USDA Service Centers, Technical Offices and State Office and Agreement Servicing	D	10.924	68-2D37-16-763	11,907
Agricultural Conservation Easement Program				
Technical Assistance in USDA Service Centers, Technical Offices and State Office and Agreement Servicing	D	10.931	68-2D37-16-763	37,228
Watershed Rehabilitation Program				
Technical Assistance for Dam Assessment in PA Agreement 6000014466	D	10.916	NR202D37XXXXC004	78,625
				859,794
Passed through Community Partnerships:				
Environmental Quality Incentives Program				
Training videos	I	10.902	N/A	9,648
Total Natural Resources Conservation Service				869,442
Passed through Chesapeake Bay Foundation:				
Soil and Water Conservation				
Mountain to Bay - Increase rotational grazing support and advisement	I	10.902	0603.18.062784	50,558
Mountain to Bay - Increase rotational grazing support and advisement	I	10.902	0603.20.069044	11,396
Mountain to Bay - Increase rotational grazing support and advisement	I	10.902	0602.18.062268	14,172
Mountain to Bay - Increase rotational grazing support and advisement	I	10.902	0602.19.065417	12,493
Environmental Quality Incentives Program				
Mountain to Bay - Increase rotational grazing support and advisement	I	10.912	0602.18.062268	14,171
Conservation Stewardship Program				
Mountain to Bay - Increase rotational grazing support and advisement	I	10.924	0602.18.062268	14,171
Total Passed through Chesapeake Bay Foundation				116,961
Total United States Department of Agriculture				986,403
Total Federal Expenditures				\$ 1,125,952
Total by program				
Total Soil and Water Conservation		10.902		471,350
Total Environmental Quality Incentives Program		10.912		273,251
Total Conservation Stewardship Program		10.924		26,078

CAPITAL RESOURCE CONSERVATION AND DEVELOPMENT AREA COUNCIL, INC.
Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021

REFERENCES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Organization for the year ended September 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present the financial position, changes in net assets or cash flows of the Organization.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, Cost Principles for Non-Profit Organizations, 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, 2021, 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 March 17, 2022.

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 may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

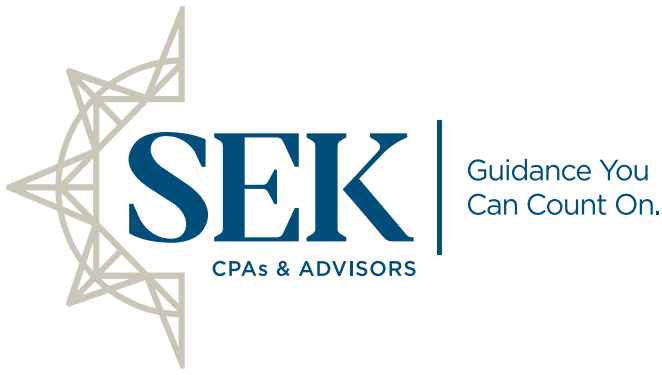
As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 Hearn & Company, LLC.

Camp Hill, Pennsylvania
March 17, 2022



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 THE 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 program for the year ended September 30, 2021. The Organization’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of awards applicable to its federal program.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for the Organization’s major federal program 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 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 the Organization’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 its major federal program. However, our audit does not provide a legal determination of the Organization’s compliance.

Opinion on the Major Federal Program

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 its major federal program for the year ended September 30, 2021.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Organization 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 the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

Purpose of this Report

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

Smith Elliott Hearn & Company, LLC.

Camp Hill, Pennsylvania
March 17, 2022

CAPITAL RESOURCE CONSERVATION AND DEVELOPMENT AREA COUNCIL, INC.
Schedule of Findings and Questioned Costs
September 30, 2021

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 programs:

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 award 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, 2021

Findings related to financial statements:

None

Findings related to federal awards:

None