



respective solutions
GROUP

EBENSBURG, PA

Single Audit Reporting Package
June 30, 2021 and 2020

**RESPECTIVE SOLUTIONS GROUP, INC.
FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Respective Solutions Group, Inc.
Ebensburg, PA

Report on the Financial Statements

We have audited the accompanying financial statements of Respective Solutions Group, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, 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 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 of 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 Respective Solutions Group, Inc. as of June 30, 2021 and 2020, and the changes in its net assets, functional expenses and 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 accompanying Schedule of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report December 6, 2021, on our consideration of Respective Solutions Group, 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 Respective Solutions Group, 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 Respective Solutions Group, Inc.'s internal control over financial reporting and compliance.



WESSEL & COMPANY
Certified Public Accountants

December 6, 2021

RESPECTIVE SOLUTIONS GROUP, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

EXHIBIT I

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current Assets		
Cash	\$ 96,180	\$ 140,554
Accounts receivable, net	28,386	51,543
Grants receivable	201,290	182,006
Prepaid expenses	4,789	4,027
Total Current Assets	<u>330,645</u>	<u>378,130</u>
Total Assets	<u>\$ 330,645</u>	<u>\$ 378,130</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 41,352	\$ 23,662
Accrued expenses	39,395	9,867
Accrued payroll and taxes	21,134	12,737
Line of credit	184,311	238,732
Total Current Liabilities	<u>286,192</u>	<u>284,998</u>
Net Assets Without Donor Restrictions	<u>44,453</u>	<u>93,132</u>
Total Net Assets	<u>44,453</u>	<u>93,132</u>
Total Liabilities and Net Assets	<u>\$ 330,645</u>	<u>\$ 378,130</u>

See Independent Auditor's Report and
Accompanying Notes to Financial Statements

RESPECTIVE SOLUTIONS GROUP, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021 AND 2020

EXHIBIT II

	2021	2020
Revenues and Other Support Without Donor Restrictions:		
21st Century Grant	\$ 1,195,833	\$ 1,008,162
In-Kind Donation - Facilities	572,400	572,400
State Grants	144,252	181,682
Consulting Revenue	69,706	108,090
Miscellaneous	7,498	4,075
	<hr/>	<hr/>
Total Revenues and Other Support Without Donor Restrictions	1,989,689	1,874,409
	<hr/>	<hr/>
Expenses:		
Programs	1,798,078	1,619,933
Management and General	240,290	247,021
Fundraising	-	-
	<hr/>	<hr/>
Total Expenses	2,038,368	1,866,954
	<hr/>	<hr/>
Change in Net Assets Without Donor Restrictions	(48,679)	7,455
	<hr/>	<hr/>
Net Assets at Beginning of Year	93,132	85,677
	<hr/>	<hr/>
Net Assets at End of Year	\$ 44,453	\$ 93,132
	<hr/> <hr/>	<hr/> <hr/>

See Independent Auditor's Report and
Accompanying Notes to Financial Statements

RESPECTIVE SOLUTIONS GROUP, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation and Taxes	\$ 645,370	\$ 171,554	\$ -	\$ 816,924
Rent Expense	17,832	-	-	17,832
Supplies	41,808	2,200	-	44,008
Medical Benefits	41,098	10,275	-	51,373
Travel	5,522	3,106	-	8,628
Insurance	17,134	2,789	-	19,923
Activities Supplies	212,499	-	-	212,499
Accounting and Audit Services	-	39,928	-	39,928
Telephone	8,213	2,053	-	10,266
Advertising	4,240	-	-	4,240
Postage	86	85	-	171
Interest	-	8,300	-	8,300
Meetings & Trainings	29	-	-	29
Utilities	2,619	-	-	2,619
Janitorial Services	140,385	-	-	140,385
Consulting Services	83,855	-	-	83,855
In-kind expenses - facilities	572,400	-	-	572,400
Miscellaneous	4,988	-	-	4,988
	<u>\$ 1,798,078</u>	<u>\$ 240,290</u>	<u>\$ -</u>	<u>\$ 2,038,368</u>

See Independent Auditor's Report
and Accompanying Notes to Financial Statements

RESPECTIVE SOLUTIONS GROUP, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation and Taxes	\$ 643,422	\$ 171,036	\$ -	\$ 814,458
Rent Expense	19,638	-	-	19,638
Supplies	62,755	3,303	-	66,058
Medical Benefits	31,804	7,951	-	39,755
Travel	9,401	5,288	-	14,689
Insurance	20,611	3,355	-	23,966
Activities Supplies	112,726	-	-	112,726
Accounting and Audit Services	-	41,037	-	41,037
Telephone	8,837	2,209	-	11,046
Advertising	1,813	-	-	1,813
Postage	450	450	-	900
Interest	-	12,392	-	12,392
Meetings & Trainings	34,958	-	-	34,958
Utilities	1,636	-	-	1,636
Janitorial Services	-	-	-	-
Consulting Services	91,954	-	-	91,954
In-kind expenses - facilities	572,400	-	-	572,400
Miscellaneous	7,528	-	-	7,528
	<u>\$ 1,619,933</u>	<u>\$ 247,021</u>	<u>\$ -</u>	<u>\$ 1,866,954</u>

See Independent Auditor's Report
and Accompanying Notes to Financial Statements

RESPECTIVE SOLUTIONS GROUP, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

EXHIBIT IV

	2021	2020
Cash Flows From Operating Activities:		
Change in Net Assets	\$ (48,679)	\$ 7,455
Adjustments to reconcile change in net assets to net cash (used in)/provided by operating activities:		
Change in assets and liabilities:		
Accounts receivable	23,157	14,572
Grants receivable	(19,284)	39,006
Prepaid expenses	(762)	64
Accounts payable	17,690	9,542
Accrued expenses	29,528	(1,268)
Accrued payroll and taxes	8,397	4,373
Deferred revenue	-	(4,058)
Total Adjustments	58,726	62,231
Net Cash Provided By Operating Activities	10,047	69,686
Cash Flows From Financing Activities:		
Proceeds from debt	-	163,341
Principal repayments on debt	(54,421)	(133,954)
Net Cash (Used In)/Provided By Financing Activities	(54,421)	29,387
Net (Decrease)/Increase in Cash	(44,374)	99,073
Cash - Beginning of Year	140,554	41,481
Cash - End of Year	\$ 96,180	\$ 140,554
Disclosure of Accounting Policy:		
For purposes of the statement of cash flows, the Organization considers only highly liquid investments with a maturity of three (3) months or less when purchased to be "cash equivalents."		
Supplemental Cash Flow Information:		
Cash paid during the year for:		
Interest paid	\$ 8,300	\$ 12,392

See Independent Auditor's Report and
Accompanying Notes to Financial Statements

RESPECTIVE SOLUTIONS GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 NATURE OF ACTIVITIES

Respective Solutions Group, Inc. is a nonprofit organization helping young people successfully learn, stay in school, and prepare for life, the Organization rallies community resources, links students and their families to the appropriate services, and then follows up on the students' progress and participation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Organization is exempt from Federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of section 509(a) of the Internal Revenue Code. There was no unrelated business income for the years ended June 30, 2021 or 2020.

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Accounting Pronouncements Adopted

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers. This standard implements a single framework for recognition of all revenue earned from customers. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization has adopted ASU 2014-09 for the year ended June 30, 2021. The adoption of this standard had no effect on previously reported amounts.

Revenue Recognition

The majority of the revenue the Organization earns consists primarily of (i) grants and (ii) contributions.

Grants: The Organization receives nearly all of its support under grants and contracts with various governmental agencies and private foundations. Grant income is recorded as an increase in net assets without donor restrictions when expenditures are incurred in the same fiscal year the support is received. Support received in excess of expenditures incurred is recorded as a liability, as deferred revenue.

Contributions: Contributions are accounted for following FASB ASC Accounting for Contributions Received and Contributions Made. In accordance with the FASB ASC, contributions received are recorded as contributions with donor restrictions or contributions without donor restrictions depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the 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.

Donated facilities are accounting for following FASB ASC Accounting for Contributions Received and Contributions Made. See Note 6 for more information on donated facilities.

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time, the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

See Note 5 for more information on the composition of net assets without donor restrictions.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided by maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

As of June 30, 2021, the Organization had no net assets with donor restrictions.

Equipment

Large equipment purchases are capitalized and recorded at cost. Depreciation is computed over five to ten (5-10) years using the straight-line method.

Cash and Cash Equivalents

For purposes of the statement of cash flows, Respective Solutions Group, Inc. considers all highly liquid investments available for current use with an initial maturity of three (3) months or less to be cash equivalents.

Federal Income Tax Status

Respective Solutions Group, Inc. is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. However, income from certain activities not directly related to Respective Solutions Group, Inc.'s tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 509(a) 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation.

Respective Solutions Group, Inc. follows ASC Accounting for Uncertainty in Income Taxes. The FASB ASC requires Respective Solutions Group, Inc. to evaluate tax positions taken and determine whether it is more-likely-than-not that the tax position will be sustained upon examination based on the technical merits of the position. The Organization has performed an evaluation and has determined there are no material unrecognized tax positions or uncertain tax positions that meet the reporting and disclosure provisions of the ASC. The Organization records tax penalties and interest as they occur. For the years ended June 30, 2021 and 2020, Respective Solutions Group, Inc. incurred no tax penalty or interest costs.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2017.

Use of Estimates

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

Allowance for Uncollectible Receivables

The Organization uses the direct write-off method for uncollectible accounts based on collection history and management's review of the aged receivable balances at year end. As of June 30, 2021 and 2020, accounts receivable are primarily from grant sources and are deemed to be fully collectible.

Fair Value of Financial Instruments

Certain financial instruments are required to be recorded at fair value. The estimated fair values of such financial instructions (including cash and cash equivalents, certain debt instruments, and other assets and liabilities) have been valued using market or cost information where appropriate. Changes in assumptions or estimation methods could affect the fair value estimates. However, management does not believe any such changes would have a material impact on the financial condition, results of operations or cash flows of the Organization. Financial instruments, including cash and cash equivalents, other assets and short-term and long-term debt, are carried at cost, which approximates fair value.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-2, Leases (Topic 842). The main difference between previous GAAP and Topic 842 is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. The guidance aims to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The standard is effective for fiscal years beginning after December 15, 2021 and should be applied on a retrospective basis in the year it is first applied. The Organization is evaluating the impact the adoption of this standard will have on the financial statements beginning in fiscal year 2023.

NOTE 3 LINE OF CREDIT

The Organization maintains a \$250,000 line of credit with a financial institution. The line of credit is secured with the assignment of the Organization's grant funds. The amount outstanding on the line of credit at June 30, 2021 and 2020, amounted to \$184,311 and \$238,732, respectively. The interest rate on the line of credit, which is due on demand, was 4.25% at June 30, 2021.

NOTE 4 LIQUIDITY AND AVAILABILITY OF RESOURCES

As of June 30, 2021, financial assets and liquidity resources available within one (1) year for general expenditures, such as operating expenses and scheduled principal payments on debt, were as follows:

Financial assets:

Cash and cash equivalents	\$ 96,180
Accounts receivable	28,386
Grants receivable	201,290
Prepaid expenses	<u>4,789</u>

Total financial assets available within one (1) year	330,645
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Liquidity resources:

Bank lines of credit	<u>65,689</u>
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Total financial assets and liquidity resources available within one (1) year	<u>\$ 396,334</u>
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As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a committed line of credit of \$250,000, which it could draw upon. As of June 30, 2021, \$184,311 has been drawn on this line, leaving \$65,689 available.

NOTE 5 NET ASSETS WITHOUT DONOR RESTRICTIONS

The Organization's net assets without donor restrictions are comprised of undesignated and Board designated amounts for the following purposes at June 30:

	2021	2020
Undesignated	\$ 44,453	\$ 93,132
Total net assets without donor restrictions	<u>\$ 44,453</u>	<u>\$ 93,132</u>

NOTE 6 DONATED FACILITIES

Respective Solutions Group, Inc. operated in eight (8) school districts for the years ended June 30, 2021 and 2020, respectively (with a central management office and Family Center located within one of the school districts) and utilizes their buildings under month-to-month agreements. The districts donate the use of these buildings. The approximate fair value of the annual rent was \$572,400 and \$572,400 for the years ended June 30, 2021 and 2020, respectively, and is included in revenues and expenditures in the statements of activities.

NOTE 7 FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the various functional areas based on the programs and supporting services benefited.

NOTE 8 CONCENTRATIONS

The 21st Century grants accounted for eighty-five percent (85%) and seventy-seven percent (77%) of total revenue for the years ended June 30, 2021 and 2020, respectively. If a significant reduction in this level of funding were to occur, it could have an adverse effect on the Organization's programs and activities. There is a contract in effect which extends this funding through June 30, 2024.

NOTE 9 LEASES

In June 2019, the Organization signed a one-year operating lease agreement for a location in Ebensburg Pennsylvania. This lease requires a \$3,456 annual rental payment. The lease expired June 30, 2020, and was renewed for an additional year at the same terms.

In July 2019, the Organization signed a one-year operating lease agreement for a location in Gettysburg Pennsylvania. The lease requires monthly payments of \$1,198 per month. The lease expired June 30, 2020, and was renewed for an additional two (2) years at the same terms.

For the years ended June 30, 2021 and 2020, the Organization incurred lease expenses of \$17,832 and \$19,638, respectively.

NOTE 10 RELATED PARTY

The Organization is related to two (2) entities. The Organization pays a monthly fee to a company for consulting and accounting services; a board member is the owner and president of the consulting company. For the years ended June 30, 2021 and 2020, the charges for such services were \$27,419 and \$19,163, respectively.

Beginning in January 2018, the Organization provides the Center for Youth and Community Development (CFYCD) with the services of an executive director. These services are provided by the Organization's Executive Director. CFYCD reimburses the Organization for the Executive Director's real time and benefits and time dedicated to performing tasks on behalf of CFYCD based on an hourly rate and then bills CFYCD a monthly management fee based on the hours incurred by the Organization's Executive Director. The Organization has one (1) common board member with CFYCD. For the years ended June 30, 2021 and 2020, the amounts billed for such services were \$117,041 and \$106,874, respectively.

NOTE 11 RETIREMENT

The Organization has an established Simple IRA under Section 408(a) of the Internal Revenue Code. Full-time employees are eligible for participation in the plan. Respective Solutions Group, Inc. will match contributions up to three percent (3%) of eligible participants' voluntary contributions. For the years ended June 30, 2021 and 2020, Respective Solutions Group, Inc.'s contributions to eligible participants' IRAs were \$8,179 and \$7,930, respectively.

NOTE 12 RISKS AND UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the coronavirus (COVID-19) a pandemic. Respective Solutions Group, Inc. has continued operations within rigid guidelines aimed at halting the spread of the virus. The extent of the impact on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and impact on its members, employees, and vendors, all of which are uncertain and cannot be predicted. The Organization is monitoring the evolving situation and adapting operations and decision making as necessary.

NOTE 13 SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 6, 2021, the date that financial statements were available to be issued. Respective Solutions Group, Inc. is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

RESPECTIVE SOLUTIONS GROUP, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Grantor Program Title	Source Code	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Dates	Program or Award Amount	Total Received For the Year	Accrued or (Deferred) Revenue at 7/1/2020	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at 6/30/2021
U.S. DEPARTMENT OF EDUCATION										
Passed Through the Pennsylvania Department of Education:										
Twenty-First Century Community Learning Centers (Cohort 7)	I	84.287C	S287C11038	10/14 - 9/20	\$ 475,000	\$ 53,716	\$ 13,174	\$ 40,542	\$ 40,542	\$ -
Twenty-First Century Community Learning Centers (Cohort 8)	I	84.287C	S287C1500038	1/16 - 12/21	\$ 475,000	355,072	28,587	369,608	369,608	43,123
Twenty-First Century Community Learning Centers (Cohort 10)	I	84.287C	S287C180038	7/19 - 6/24	\$ 862,177	708,055	40,695	785,683	785,683	118,323
TOTAL U.S. DEPARTMENT OF EDUCATION						<u>1,116,843</u>	<u>82,456</u>	<u>1,195,833</u>	<u>1,195,833</u>	<u>161,446</u>
TOTAL FEDERAL ASSISTANCE							<u>\$ 1,116,843</u>	<u>\$ 1,195,833</u>	<u>\$ 1,195,833</u>	<u>\$ 161,446</u>

Source Code: I - Indirect D - Direct

NOTE: Respective Solutions Group, Inc. did not provide federal funds to subrecipients during the year ended June 30, 2021.

See Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards

RESPECTIVE SOLUTIONS GROUP, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Respective Solutions Group, 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 2 INDIRECT COST RATE

For the year ended June 30, 2021, Respective Solutions Group, Inc. did not elect to use the 10% de minimus indirect cost rate as allowed in the Uniform Guidance, section 414.

NOTE 3 AMOUNTS PASSED TO SUBRECIPIENTS

Respective Solutions Group, Inc. did not provide federal awards to subrecipients during the year ended June 30, 2021.

NOTE 4 MAJOR PROGRAM DETERMINATION

The major federal award programs selected for testing as determined by the auditor on a risk-based approach are as follows:

Programs	CFDA #	Expenditures
Twenty-First Century Community Learning Centers	84.287C	\$ <u>1,195,833</u>
Total federal expenditures selected for testing		\$ 1,195,833
Total federal expenditures		\$ <u>1,195,833</u>
Percentage of total federal expenditures tested		<u>100.00%</u>
Percentage of total federal expenditures required to be tested		<u>20.00%</u>

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

To the Board of Directors
Respective Solutions Group, Inc.
Ebensburg, Pennsylvania

We have audited, in accordance with the 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 Respective Solutions Group, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 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 December 6, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Respective Solutions Group, Inc.'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 of the effectiveness of Respective Solutions Group, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Respective Solutions Group, Inc.'s internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Respective Solutions Group, Inc.'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 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 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.



WESSEL & COMPANY
Certified Public Accountants

December 6, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Board of Directors
Respective Solutions Group, Inc.
Ebensburg, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited Respective Solutions Group, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Respective Solutions Group, Inc.'s major federal programs for the year ended June 30, 2021. Respective Solutions Group, Inc.'s major federal programs are 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 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 Respective Solutions Group, Inc.'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* (CFR) 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 Respective Solutions Group, Inc.'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 Respective Solutions Group, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Respective Solutions Group, Inc. 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 June 30, 2021.

Report on Internal Control over Compliance

Management of Respective Solutions Group, Inc. 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 Respective Solutions Group, Inc.'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 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 Respective Solutions Group, Inc.'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 were 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.



WESSEL & COMPANY
Certified Public Accountants

December 6, 2021

RESPECTIVE SOLUTIONS GROUP, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Noncompliance material to financial statements
noted?

☐ Yes ☒ No

Federal Awards

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

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

Unmodified

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

☐ Yes ☒ No

Identification of major federal programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.287C

Twenty-First Century Community Learning Centers

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

RESPECTIVE SOLUTIONS GROUP, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2021

FINDINGS – FINANCIAL STATEMENT AUDIT

NONE

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAMS

NONE

RESPECTIVE SOLUTIONS GROUP, INC.

CORRECTIVE ACTION PLAN

JUNE 30, 2021

NONE NECESSARY