

COMMUNITY ACTION PARTNERSHIP OF SUBURBAN HENNEPIN  
(A NONPROFIT CORPORATION)

FINANCIAL STATEMENTS

YEARS ENDED  
DECEMBER 31, 2010 AND 2009

COMMUNITY ACTION PARTNERSHIP OF SUBURBAN HENNEPIN  
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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Community Action Partnership of Suburban Hennepin  
St. Louis Park, Minnesota

We have audited the accompanying statement of financial position of Community Action Partnership of Suburban Hennepin (the Organization), a Minnesota not-for-profit corporation, as of December 31, 2010 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements for the year ended December 31, 2009, of the Organization, were audited by Mayer Hoffman McCann PC whose report dated February 24, 2010, expressed an unqualified opinion on those statements.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2010 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2011, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of the Organization taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

March 14, 2011  
Apple Valley, Minnesota

ABDO, EICK & MEYERS, LLP  
Certified Public Accountants

## FINANCIAL STATEMENTS

COMMUNITY ACTION PARTNERSHIP OF SUBURBAN HENNEPIN  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2010 AND 2009

	2010	2009
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 292,505	\$ 357,070
Grants and contracts receivable	388,108	313,212
Prepaid expenses	103,470	106,001
Investments	75,680	67,397
<b>TOTAL CURRENT ASSETS</b>	<b>859,763</b>	<b>843,680</b>
<b>PROPERTY AND EQUIPMENT, NET</b>		
Furniture and equipment	125,890	103,599
Less accumulated depreciation	(39,402)	(67,884)
<b>NET PROPERTY AND EQUIPMENT</b>	<b>86,488</b>	<b>35,715</b>
<b>TOTAL ASSETS</b>	<b>\$ 946,251</b>	<b>\$ 879,395</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 11,256	\$ 7,949
Accrued expenses	93,905	147,995
Grant advances	132,084	63,157
Funds held for others	5,894	20,592
<b>TOTAL CURRENT LIABILITIES</b>	<b>243,139</b>	<b>239,693</b>
<b>TOTAL LIABILITIES</b>	<b>243,139</b>	<b>239,693</b>
<b>NET ASSETS</b>		
Unrestricted:		
Undesignated	540,944	522,689
Designated for future initiatives	75,680	67,397
Investment in property and equipment	86,488	35,715
Total unrestricted	703,112	625,801
Temporarily restricted - operational assistance	-	13,901
<b>TOTAL NET ASSETS</b>	<b>703,112</b>	<b>639,702</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 946,251</b>	<b>\$ 879,395</b>

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

COMMUNITY ACTION PARTNERSHIP OF SUBURBAN HENNEPIN  
STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
UNRESTRICTED PUBLIC SUPPORT AND REVENUE		
UNRESTRICTED REVENUE AND GAINS		
Government grants and contracts	\$ 4,263,562	\$ 3,916,059
Other contracts	77,003	198,137
Contributions	64,306	12,686
Investment income	9,650	15,888
Net assets released from restrictions	13,901	-
TOTAL UNRESTRICTED REVENUE AND GAINS	4,428,422	4,142,770
EXPENSES		
Program	3,743,929	3,519,872
Management and general	603,236	568,826
Fundraising	3,946	20,344
TOTAL EXPENSES	4,351,111	4,109,042
INCREASE IN UNRESTRICTED NET ASSETS	77,311	33,728
TEMPORARILY RESTRICTED NET ASSETS		
Other contracts	-	13,901
Net assets released from restrictions	(13,901)	-
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	(13,901)	13,901
INCREASE IN NET ASSETS	63,410	47,629
NET ASSETS, BEGINNING	639,702	592,073
NET ASSETS, ENDING	\$ 703,112	\$ 639,702

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

COMMUNITY ACTION PARTNERSHIP OF SUBURBAN HENNEPIN  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010							
	Community Development	Housing Services	Energy Assistance	Other	Total Program	Management and General	Fundraising	Total Expenses
<b>SALARIES AND RELATED EXPENSES</b>								
Salaries	\$ 189,996	\$ 590,181	\$ 531,156	\$ 62,054	\$ 1,373,387	\$ 368,847	\$ 3,030	\$ 1,745,264
Payroll taxes and benefits	64,523	187,704	107,057	20,828	380,112	112,589	916	493,617
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>254,519</b>	<b>777,885</b>	<b>638,213</b>	<b>82,882</b>	<b>1,753,499</b>	<b>481,436</b>	<b>3,946</b>	<b>2,238,881</b>
<b>EXPENSES</b>								
Direct services	1,345	316,349	722,960	72,003	1,112,657	5,894	-	1,118,551
Grants	-	-	-	315,628	315,628	-	-	315,628
Occupancy	8,084	31,175	41,852	25,053	106,164	30,753	-	136,917
Printing and publications	12,365	15,476	174,925	1,659	204,425	7,438	-	211,863
Professional fees	658	5,721	7,836	16,522	30,737	9,900	-	40,637
Equipment expense	8,946	26,578	21,820	10,405	67,749	7,595	-	75,344
Travel	4,912	8,055	1,459	1,712	16,138	4,322	-	20,460
Postage and shipping	832	12,438	15,992	722	29,984	1,263	-	31,247
Supplies	2,214	7,801	12,545	4,282	26,842	4,370	-	31,212
Dues and licenses	-	745	50	-	795	15,736	-	16,531
Meetings	-	2,499	364	858	3,721	6,479	-	10,200
Consultants	664	2,502	1,841	695	5,702	1,794	-	7,496
Miscellaneous	1,461	4,022	3,746	1,257	10,486	12,362	-	22,848
Insurance	925	4,384	3,525	520	9,354	2,525	-	11,879
Training	1,306	8,775	1,010	10,811	21,902	5,663	-	27,565
Telephone	914	4,668	2,430	2,307	10,319	1,503	-	11,822
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	<b>299,145</b>	<b>1,229,073</b>	<b>1,650,568</b>	<b>547,316</b>	<b>3,726,102</b>	<b>599,033</b>	<b>3,946</b>	<b>4,329,081</b>
Depreciation	1,067	5,461	8,607	2,692	17,827	4,203	-	22,030
<b>TOTAL EXPENSES</b>	<b>\$ 300,212</b>	<b>\$ 1,234,534</b>	<b>\$ 1,659,175</b>	<b>\$ 550,008</b>	<b>\$ 3,743,929</b>	<b>\$ 603,236</b>	<b>\$ 3,946</b>	<b>\$ 4,351,111</b>

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

COMMUNITY ACTION PARTNERSHIP OF SUBURBAN HENNEPIN  
 STATEMENTS OF FUNCTIONAL EXPENSES - CONTINUED  
 YEARS ENDED DECEMBER 31, 2010 AND 2009

	2009							
	Community Development	Housing Services	Energy Assistance	Other	Total Program	Management and General	Fundraising	Total Expenses
<b>SALARIES AND RELATED EXPENSES</b>								
Salaries	\$ 142,037	\$ 565,811	\$ 486,099	\$ 57,541	\$ 1,251,488	\$ 354,320	\$ 17,090	\$ 1,622,898
Payroll taxes and benefits	48,189	181,345	96,596	12,509	338,639	101,724	3,238	443,601
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>190,226</b>	<b>747,156</b>	<b>582,695</b>	<b>70,050</b>	<b>1,590,127</b>	<b>456,044</b>	<b>20,328</b>	<b>2,066,499</b>
<b>EXPENSES</b>								
Direct services	-	333,422	534,738	98,029	966,189	-	-	966,189
Grants	-	-	-	341,577	341,577	-	-	341,577
Occupancy	13,614	33,304	47,270	25,551	119,739	33,457	-	153,196
Printing and publications	14,008	20,525	248,370	1,656	284,559	7,269	-	291,828
Professional fees	265	1,009	9,988	15,500	26,762	6,640	-	33,402
Equipment expense	3,453	15,631	33,162	3,356	55,602	7,470	-	63,072
Travel	5,584	6,392	2,381	1,538	15,895	4,197	15	20,107
Postage and shipping	149	11,025	18,315	1,110	30,599	1,670	1	32,270
Supplies	2,075	12,637	6,386	3,763	24,861	5,236	-	30,097
Dues and licenses	-	1,621	50	160	1,831	14,926	-	16,757
Meetings	-	1,247	2,734	873	4,854	9,415	-	14,269
Consultants	560	2,925	1,901	855	6,241	1,805	-	8,046
Miscellaneous	263	1,346	2,604	562	4,775	10,171	-	14,946
Insurance	774	3,101	1,889	1,268	7,032	2,115	-	9,147
Training	1,300	9,216	-	6,966	17,482	1,741	-	19,223
Telephone	427	2,638	2,031	1,425	6,521	798	-	7,319
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	<b>232,698</b>	<b>1,203,195</b>	<b>1,494,514</b>	<b>574,239</b>	<b>3,504,646</b>	<b>562,954</b>	<b>20,344</b>	<b>4,087,944</b>
Depreciation	1,217	5,657	7,009	1,343	15,226	5,872	-	21,098
<b>TOTAL EXPENSES</b>	<b>\$ 233,915</b>	<b>\$ 1,208,852</b>	<b>\$ 1,501,523</b>	<b>\$ 575,582</b>	<b>\$ 3,519,872</b>	<b>\$ 568,826</b>	<b>\$ 20,344</b>	<b>\$ 4,109,042</b>

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

COMMUNITY ACTION PARTNERSHIP OF SUBURBAN HENNEPIN  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 63,410	\$ 47,629
Adjustment to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	22,030	21,098
Realized and unrealized (gains) losses	(5,253)	(12,115)
(Increase) decrease in assets:		
Grants and contracts receivable	(74,896)	(51,896)
Prepaid expenses	2,531	(29,597)
Increase (decrease) in liabilities:		
Accounts payable	3,307	3,322
Accrued expenses	(54,090)	83,084
Grant advances	68,927	(101,075)
Funds held for others	(14,698)	17,225
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>11,268</b>	<b>(22,325)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment purchases	(70,911)	(24,512)
Investment sales	68,770	22,632
Purchase of property and equipment	(73,691)	(22,243)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(75,832)</b>	<b>(24,123)</b>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	(64,564)	(46,448)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<b>357,070</b>	<b>403,518</b>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<b>\$ 292,506</b>	<b>\$ 357,070</b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Cash paid during the year for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS</b>		
Non cash disposal of property and equipment	\$ 51,400	\$ -

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

COMMUNITY ACTION PARTNERSHIP OF SUBURBAN HENNEPIN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

Community Action Partnership of Suburban Hennepin (the Organization) is incorporated under the Minnesota Nonprofit Corporation Act and is tax exempt under the federal tax laws. The Organization provides services to low-income people, based on the Organization's mission statement, "to improve the quality of life in suburban Hennepin by creating and supporting links between individuals and communities through service, education, and collaboration." The Organization works to increase residents' chances at achieving self-sufficiency and to improve the communities in which low-income people in suburban Hennepin County reside (e.g., increase safe, affordable housing, decrease numbers of foreclosures, increase number of grassroots organizations aiding people to improve their lives, etc.). Its service area includes the 45 communities that make up suburban Hennepin County, Minnesota.

The Organization provided direct services that benefited 77,371 individuals (37,201 households) in the Organization's service area during 2010. This represents a significant increase over 2009 in both units of service and the number of people served, due largely to increases in the number of people served through American Reinvestment and Recovery Act funding for employment services, and foreclosure prevention counseling services, which served more than twice the number assisted the previous year.

In keeping with its mission statement, the Organization provides services in the following areas:

Energy Assistance - The Organization provides financial assistance to low-income households to assist with energy costs (gas, heat, oil) and repairs. The Organization provides direct, one-time payments to energy vendors through funding received from the state and federal governments; additionally, emergency funds are made available to households through state and private funding resources. Marketing and outreach efforts are utilized to inform customers of fuel efficiency strategies; this past year, the Organization conducted several Energy Conservation Fairs to provide information and free energy conservation supplies to low-income households. During 2010, 20,917 households received Energy Assistance or Energy Crisis assistance through the Organization, which translates into assistance being provided to 55,046 people.

Housing and Related Services - The Organization provides full-cycle homeownership services, as well as rental services, for clients. These services are offered to assist low-income people obtain, maintain and retain safe, affordable housing. Services related to meeting basic needs are also provided (e.g., financial or other assistance with health care, child care, employment, financial counseling, education, etc.). Housing services include:

- Foreclosure prevention counseling and loan assistance - 9,725 people (7,818 households) served.
- First time homebuyer workshops, counseling, and assistance with obtaining loans available for first-time homebuyers and low-income homebuyers - 633 people attended workshops and/or received 1:1 counseling.
- Housing rehabilitation services, counseling, and workshops - 1,024 people assisted through repairs, grants, and loans.
- Reverse mortgage counseling and other senior services - 52 people served.
- Homeless and transitional housing intensive case management services and financial assistance - 225 people served.

COMMUNITY ACTION PARTNERSHIP OF SUBURBAN HENNEPIN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**A. Organization – Continued**

Community Development - The Organization engages in community development, which assists other organizations to develop to their fullest capacities, in order for them to serve better the low-income and historically underrepresented populations they serve. The Organization focuses on working with groups and organizations that are initiated at a grass-roots level that want to provide services at a local, community level. Strategies for community development include provision of the following services to both new and more mature organizations: corporate formation and organization; board training; staff training; obtaining tax-exempt status; resource development and fund-raising strategies; marketing assistance; developing evaluation and reporting strategies. The Organization also serves as the fiscal agent for several organizations that do not have internal financial capacity and that do not have tax-exempt status. During 2010, the Organization worked with 45 entities, to increase their capacities and abilities to serve low-income people. In addition, and in keeping with its commitment to strengthen communities through active partnering and collaboration, the Organization partnered or collaborated with over 100 groups, organizations, and agencies within its service area during 2010.

Education, Information, and Referral - The Organization provides many opportunities to inform and educate its customers and the community at large. Strategies include: conducting workshops related to renters' duties and rights; offering voter education and registration services; providing information and resources to people to help them understand the nature of poverty and methods to reduce or mitigate its effects; providing oral and written information and referral services to people who contact the Organization; participating in community events throughout the service area several times per year; and offering or collaborating on programs designed to engage people in the political, social, and educational processes that affect them. Aside from workshops, community events and informational sessions, information is made available through the Organization's newsletter, published four times a year, and website, which is updated on a regular and timely basis. The website is published in five languages (English, Spanish, Somali, Russian, and Hmong).

Approximately 30,039 people received Information and Referral services during 2010. In addition, approximately 20,108 people received information through Outreach services, and an estimated 90,357 people received information through Advocacy Information and Education services (including through media).

Other – The Organization also offered the following services:

- Emergency Services (short-term assistance), which includes limited financial assistance for housing, basic needs and transportation, and renters' training: 1,096 households, or 2,722 individuals, benefited from these services. This represents about a 40 percent increase in provision of service, and was possible through receipt of ARRA funding, private grants and a partnership with Jewish Family and Children's Services.
- Vehicle Repair Program: provided financial assistance to individuals to enable them to obtain or maintain employment - served 275 people.
- Food Assistance services helped 262 people apply for Food Support (formerly Food Stamps).
- Employment counseling, in collaboration with HIREd, Jewish Vocational Services, St. Louis Park Community Education and Adult Options for Education - 2,412 people received counseling and related services.
- Budget and financial counseling, offered in collaboration with Lutheran Social Services - 1,154 people served.
- Free tax preparation assistance offered through the Organization's Tax Clinics - 1,119 people (526 households) had tax returns prepared.
- Family Assets for Independence in Minnesota (FAIM) provided asset-building services to 72 families (205 people). A fifty percent increase from the previous year.

COMMUNITY ACTION PARTNERSHIP OF SUBURBAN HENNEPIN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**A. Organization – Continued**

Through specific collaborations with partners, the Organization was able to accomplish the following:

- Provide Adult Basic Education services to 121 individuals;
- Serve 16 people (6 households) through Low-Income Housing Development;
- Serve 2,212 seniors through Senior Oriented Services;
- Provide 78 families with Child Care assistance;
- Provide services to 380 Youth through various programs.

**B. Financial Statement Presentation**

The Organization follows the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Subtopic 958-205, Financial Statements for Not-for-Profit Organizations, which requires the Organization to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of the contribution.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. The Organization has temporarily restricted net assets of \$0 and \$13,901 as of December 31, 2010 and 2009, respectively.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. As of December 31, 2010 and 2009 the Organization did not have permanently restricted net assets.

**C. Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

**D. Public Support and Revenue**

The Organization receives substantially all of its grant and contract revenue from government reimbursement or fee for service agreements.

**E. Use of Estimates**

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

COMMUNITY ACTION PARTNERSHIP OF SUBURBAN HENNEPIN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**F. Cash and Cash Equivalents**

The Organization considers all short-term debt instruments purchased with maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of demand deposits and U.S. Government money market funds. Excluded from cash and cash equivalents are cash and money market funds maintained for investment purposes. The carrying amounts approximate fair values because of the short maturities of the instruments.

The Organization has cash deposited at financial institutions within FDIC insurance limits.

**G. Grants and Contracts Receivable**

Grants and contracts receivable are amounts outstanding under government reimbursement grants and contract agreements. The Organization recognizes revenue from governmental agreements on a cost-reimbursement or fee for service basis. Based upon prior experience and continual assessments of future collections, the Organization estimates its allowance for uncollectible grants and accounts receivable to be \$0 at December 31, 2010 and 2009, respectively.

**H. Property and Equipment**

Property and equipment are stated at cost or fair market value at the date of acquisition or donation. Depreciation is computed using appropriate straight-line methods over estimated useful lives of property and equipment. The Organization considers items with a cost greater than \$5,000 and a useful life greater than one year to be property and equipment.

The property and equipment acquired is owned by Community Action Partnership of Suburban Hennepin while used in the program for which it was purchased or in other future authorized programs. However, the funding sources have a reversionary interest in the property and equipment purchased with grant funds; its disposition, as well as the ownership of any proceeds there from, is subject to funding source regulations.

Depreciation expense for the years ended December 31, 2010 and 2009 was \$22,030 and \$21,098, respectively.

**I. In-Kind Contributions**

The Organization receives a minimal amount of donated services from unpaid volunteers who assist in programs. No amounts have been recognized because the criteria for recognition under ASC Subtopic 958-605 Not-for-Profit Entities Revenue Recognition have not been satisfied.

**J. Functional Expenses**

The costs of providing programs and services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated between program and the supporting services benefited.

The Organization utilizes costs allocation methods to distribute certain direct and indirect costs to its various programs. Costs, which are common to more than one program, have been identified and classified into cost pools. These cost pools have been allocated to the program based on formulas developed by the Organization for each pool.

COMMUNITY ACTION PARTNERSHIP OF SUBURBAN HENNEPIN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**K. Income Tax Status**

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state income tax laws. The Organization is not a private foundation and contributions to the Organization qualify as a charitable tax deduction by the contributor.

Under FASB ASC 740-10-50 the Organization estimates that it has no tax liability for uncertain tax positions and that this estimate will not change significantly during 2011. The Organization recognizes potential accrued interest and penalties pertaining to income tax related issues, if any, as an income tax expense. During 2010 and 2009, no penalties and interest were recorded. The Organization believes it is no longer subject to federal and state income tax examinations for the years prior to 2006.

**L. Revenue Recognition**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities as released from restrictions. If the restriction is met on a contribution in the year the contribution is received, the contribution is reported as unrestricted revenue.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Grants and contracts are recorded as invoiced to the funding sources. Grants and contracts revenue is recognized in the accounting period when the related allowable expenses are incurred or the service has been performed. Amounts received in excess of expenses are reflected as grant advances.

**M. Investments**

Investments are recorded at fair value as determined in an active market. Realized and unrealized gains and losses are recorded as investment income in the statements of activities.

**N. Subsequent Events**

In preparing these financial statements the Organization has evaluated events and transactions for potential recognition or disclosure through March 14, 2011, the date the financial statements were available to be issued.

COMMUNITY ACTION PARTNERSHIP OF SUBURBAN HENNEPIN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

**Note 2: INVESTMENTS**

Investments at December 31, 2010 and 2009 are comprised of the following:

	<u>2010</u>	<u>2009</u>
Mutual funds	\$ 1,640	\$ 55,451
Equity securities	4,049	10,919
Money markets	<u>69,991</u>	<u>1,027</u>
Total	<u>\$ 75,680</u>	<u>\$ 67,397</u>

Investment income is summarized as follows:

	<u>2010</u>	<u>2009</u>
Interest, dividends and capital gains and losses	\$ 3,508	\$ 3,773
Unrealized gains	<u>6,142</u>	<u>12,115</u>
Total	<u>\$ 9,650</u>	<u>\$ 15,888</u>

**Note 3: RETIREMENT PLAN**

The Organization sponsors a 403(b) retirement plan. The plan is open to all employees who have been employed by the Organization for three months. Employees are allowed to defer amounts from their salary. In addition, the Organization contributes to the plan. Those employer contributions are determined at the discretion of the Board of Directors. Participants become fully vested at the time of employer contribution. Contributions to the plan for the years ended December 31, 2010 and 2009 was 54,829 and 54,327, respectively.

**Note 4: OPERATING LEASES**

The Organization leases office facilities and equipment under operating leases totaling approximately \$19,300 per month that expire 2011 through 2017. Rent expense for leases was \$136,917 and \$161,713 for the years ended December 31, 2010 and 2009, respectively.

Approximate future minimum payments under these agreements are as follows:

<u>Year</u>	
2011	\$ 139,990
2012	138,520
2013	142,705
2014	146,890
2015	148,338
Thereafter	<u>244,995</u>
Total	<u>\$ 961,438</u>

COMMUNITY ACTION PARTNERSHIP OF SUBURBAN HENNEPIN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

**Note 5: CONCENTRATIONS**

The Organization maintains cash balances at a local bank. The accounts at the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2010 there was no balance in excess of the FDIC coverage.

In addition, the Organization has funds held at the Minnesota Association of Governments Investing for Counties (MAGIC). The balance in this fund at December 31, 2010 and 2009 was \$166,899 and \$106,078, respectively. This fund is not insured or guaranteed by the FDIC.

Approximately 43 percent of the Organization's funding was provided by various grants from the Minnesota Department of Commerce for the years ended December 31, 2010 and 2009. An additional 24 percent and 27 percent, respectively, of the Organization's funding was provided by various grants from the Minnesota Department of Human Services for the years ended December 31, 2010 and 2009.

**Note 6: FAIR VALUE MEASUREMENTS**

Fair values of assets measured on a recurring basis at December 31, 2010 and 2009 are as follows:

	Fair Value	Quoted prices in active markets for identical assets/liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
2010:				
Mutual funds	\$ 69,991	\$ 69,991	\$ -	\$ -
Equity securities	4,049	4,049	-	-
Money markets	1,640	1,640	-	-
	<u>\$ 75,680</u>	<u>\$ 75,680</u>	<u>\$ -</u>	<u>\$ -</u>
2009:				
Mutual funds	\$ 55,451	\$ 55,451	\$ -	\$ -
Equity securities	10,919	10,919	-	-
Money markets	1,027	1,027	-	-
	<u>\$ 67,397</u>	<u>\$ 67,397</u>	<u>\$ -</u>	<u>\$ -</u>

## OTHER REPORTS



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14985 Glazier Avenue  
Suite 630  
Apple Valley, MN 55124

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  
Community Action Partnership of Suburban Hennepin  
St. Louis Park, Minnesota

We have audited the financial statements of Community Action Partnership of Suburban Hennepin (the Organization), a Minnesota not-for-profit corporation, as of and for the year ended December 31, 2010, and have issued our report thereon dated March 14, 2011. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis of designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



**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 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*.

This report is intended solely for the information and use of the Board of Directors, management, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

March 14, 2011  
Apple Valley, Minnesota

ABDO, EICK & MEYERS, LLP  
*Certified Public Accountants*



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14985 Glazier Avenue  
Suite 630  
Apple Valley, MN 55124

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL  
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133*

Board of Directors  
Community Action Partnership of Suburban Hennepin  
St. Louis Park, Minnesota

**Compliance**

We have audited Community Action Partnership of Suburban Hennepin's (the Organization), a Minnesota not-for-profit corporation, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2010. 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. Compliance with the requirements of laws regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

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 OMB Circular A-133. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.



**Internal Control Over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Organization’s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 a 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Organization’s Board of Directors, management, others within the Organization, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

March 14, 2011  
Apple Valley, Minnesota

ABDO, EICK & MEYERS, LLP  
*Certified Public Accountants*

COMMUNITY ACTION PARTNERSHIP OF SUBURBAN HENNEPIN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2010

Federal Grantor/Program Title Pass-through Grantor	Federal Domestic Assistance Number	Identifying Number	Direct Federal Expenditures	Pass- Through Federal Expenditures	Federal Expenditures
<b><i>U. S. Department of Health and Human Services</i></b>					
Low-income home energy assistance					
Minnesota Department of Human Services	93.568	B31973	\$ -	\$ 1,488,519	\$ 1,488,519
Minnesota Department of Human Services	93.568	B46887	-	481,439	481,439
			<u>-</u>	<u>1,969,958</u> *	<u>1,969,958</u>
Community Services Block Grant					
Minnesota Department of Human Services	93.569	438032	-	432,892	432,892
Minnesota Department of Human Services	93.569	441569	-	446,288	446,288
Minnesota Department of Human Services	93.710	441569	-	392,138 A	392,138
			<u>-</u>	<u>1,271,318</u> *	<u>1,271,318</u>
Assets for Independence Demonstration Program					
Minnesota Department of Human Services	93.602		-	6,908	6,908
Total U.S Department of Health and Human Services			<u>-</u>	<u>3,248,184</u>	<u>3,248,184</u>
<b><i>U. S. Department of Housing and Urban Development</i></b>					
Housing Counseling Assistance Program					
U. S. Department of Housing and Urban Development	14.169	HC09-0821-081	40,976	-	40,976
U. S. Department of Housing and Urban Development	14.169	HC09-0822-005	30,000	-	30,000
Total Housing Counseling Assistance Program			<u>70,976</u>	<u>-</u>	<u>70,976</u>
Community Development Block Grant					
Hennepin County	14.218		-	11,212	11,212
City of Plymouth	14.218		-	15,000	15,000
City of St. Louis Park	14.218		-	63,197	63,197
City of Minnetonka	14.218		-	127,196	127,196
City of Eden Prairie	14.218		-	10,529	10,529
Total Community Development Block Grant			<u>-</u>	<u>227,134</u>	<u>227,134</u>
Total U.S Department of Housing and Urban Development			<u>70,976</u>	<u>227,134</u>	<u>298,110</u>
<b><i>U. S. Department of Agriculture</i></b>					
Food Support Program					
Minnesota Department of Human Services	10.580		-	23,542	23,542
Minnesota Community Action Partnership & United Way	10.580		-	20,055	20,055
Total U.S Department of Agriculture			<u>-</u>	<u>43,597</u>	<u>43,597</u>
Total Federal Expenditures			<u>\$ 70,976</u>	<u>\$ 3,518,915</u>	<u>\$ 3,589,891</u>

\* indicates programs audited as major programs

A ARRA

Footnote A: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

Footnote B: COMMUNITY SERVICES BLOCK GRANT CFDA 93.710, contract 441569

The following funds were pass through to subrecipients

\$ 313,682

COMMUNITY ACTION PARTNERSHIP OF SUBURBAN HENNEPIN  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED DECEMBER 31, 2010

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

Financial Statements:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with the Federal Single Audit Act?	No

**Federal  
CFDA  
Number**

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Identification of Major Programs/Projects:

Low-income home energy assistance	93.568
Community Services Block Grant	93.569
Community Services Block Grant - ARRA	93.710
Dollar threshold used to distinguish between Type A and Type B Programs:	\$ 300,000
Auditee qualified as low-risk auditee pursuant to OMB Circular A-133	Yes

**SECTION II - FINANCIAL STATEMENT FINDINGS**

There are no significant deficiencies, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

**SECTION III - MAJOR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There are no significant deficiencies, material weaknesses, or instances of noncompliance including questioned costs that are required to be reported in accordance with Circular A-133.

**OTHER ISSUES**

A Corrective Action Plan is not required because there were no findings required to be reported under the Federal Single Audit Act.