

**LAKES AND PINES COMMUNITY
ACTION COUNCIL, INC.**

AUDITED FINANCIAL STATEMENTS

Years Ended September 30, 2013 and 2012

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.

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LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lakes and Pines Community Action
Council, Inc.
Mora, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of Lakes and Pines Community Action Council, Inc. (the "Council"), which comprise the Statements of Financial Position as of September 30, 2013 and 2012, and the related Statements of Activities and Cash Flows for the years then ended and related Notes to the Financial Statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council'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 Council'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 Lakes and Pines Community Action Council, Inc., as of September 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were 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 U.S. Office of Management and Budget (OMB) *Circular A-133, Audits of States, Local Governments and Nonprofit Organizations*, 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 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 a report dated January 27, 2014, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

Kern, DeWenter, Viere, Ltd.

KERN, DEWENTER, VIERE, LTD.
St. Cloud, Minnesota
January 27, 2014

AUDITED FINANCIAL STATEMENTS

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.

STATEMENTS OF FINANCIAL POSITION

	September 30,	
	2013	2012
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 855,927	\$ 1,051,127
Restricted Cash - Unemployment Trust	196,278	175,463
Interest Receivable	649	667
Accounts Receivable	120,025	70,654
Grants Receivable	312,931	221,998
Transportation Loans Receivable	200	-
Prepaid Expenses	23,693	22,748
Weatherization Inventory	68,272	85,353
Total Current Assets	1,577,975	1,628,010
Property and Equipment, Net	278,483	280,890
Noncurrent Asset		
Investments - Certificates of Deposit	751,515	746,091
Total Assets	\$ 2,607,973	\$ 2,654,991
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 188,299	\$ 136,131
Accrued Payroll and Related Taxes and Benefits	240,109	192,165
Accrued Vacation	110,704	105,538
Accrued Unemployment Insurance	196,278	175,463
Deferred Revenue - Grants	265,533	309,314
Total Current Liabilities	1,000,923	918,611
Net Assets		
Unrestricted:		
Undesignated	1,228,021	1,330,835
Designated	100,546	124,655
Investment in Property and Equipment	278,483	280,890
Total Unrestricted	1,607,050	1,736,380
Total Liabilities and Net Assets	\$ 2,607,973	\$ 2,654,991

The Notes to the Financial Statements are an integral part of these statements.

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.

STATEMENTS OF ACTIVITIES

	Years Ended September 30,	
	2013	2012
REVENUES		
Grant Revenue		
Federal Grants	\$ 5,179,143	\$ 4,839,131
State Grants	3,641,183	1,374,484
Other Grants	407,569	360,488
In-Kind Contributions	12,731	31,597
Program Support	104,646	175,224
Interest Income	7,283	10,204
Loss on Disposal of Fixed Assets	(3,329)	-
Total Revenues	9,349,226	6,791,128
 EXPENSES		
Wages and Fringe Benefits	4,556,754	4,404,225
Professional Services	25,866	28,489
Contractual Services	210,369	175,985
Vehicle Expense and Travel	346,942	349,089
Training	56,269	71,282
In-Kind Contribution	12,731	31,597
Supplies and Copy Costs	126,817	113,730
Insurance	35,910	37,180
Equipment Maintenance	31,282	18,700
Office Rent, Utilities and Space Costs	134,453	148,382
Dues, Subscriptions and Memberships	20,330	21,454
Communication (Postage and Telephone)	59,951	61,382
Printed Forms and Advertising	11,202	20,787
Direct Client Support	3,762,854	1,279,454
Depreciation	86,382	92,506
Miscellaneous	444	1,181
Total Expenses	9,478,556	6,855,423
 Change in Net Assets	(129,330)	(64,295)
 NET ASSETS		
Beginning of Year	1,736,380	1,800,675
 End of Year	\$ 1,607,050	\$ 1,736,380

The Notes to the Financial Statements are an integral part of these statements.

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.

STATEMENTS OF CASH FLOWS

	Years Ended September 30,	
	2013	2012
CASH FLOWS - OPERATING ACTIVITIES		
Change in Net Assets	\$ (129,330)	\$ (64,295)
Adjustments to Reconcile Change in Net Assets to Net Cash Flows - Operating Activities:		
Depreciation	86,382	92,506
Loss on Disposal of Equipment	3,329	-
Change in Assets and Liabilities:		
Interest Receivable	18	874
Accounts Receivable	(49,371)	(17,155)
Grants Receivable	(90,933)	185,148
Transportation Loans Receivable	(200)	-
Prepaid Expenses	(945)	18,050
Inventory	17,081	(2,886)
Accounts Payable	52,168	(58,480)
Accrued Payroll and Related Taxes and Benefits	47,944	(29,661)
Accrued Vacation	5,166	(93,294)
Deferred Revenue - Grants	(43,781)	(128,139)
Total Adjustments	26,858	(33,037)
Net Cash Flows - Operating Activities	(102,472)	(97,332)
 CASH FLOWS - INVESTING ACTIVITIES		
Net Purchases of Investments	(5,424)	(8,175)
Purchases of Property and Equipment	(87,304)	(7,331)
Net Cash Flows - Investing Activities	(92,728)	(15,506)
 Net Change in Cash and Cash Equivalents	(195,200)	(112,838)
 CASH AND CASH EQUIVALENTS		
Beginning of Year	1,051,127	1,163,965
 End of Year	\$ 855,927	\$ 1,051,127

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2013 and 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Lakes and Pines Community Action Council, Inc. (the “Council”) is a nonprofit community action agency incorporated under the provisions of the Minnesota Nonprofit Corporations Act, *Minnesota Statutes*. The mission of the Council is to build prosperous communities by serving local families and individuals in their pursuit of self-reliance. The Council is a private, non-profit corporation that offers a variety of programs to assist low-income families and individuals of seven county areas. Using income guidelines along with other criteria, the Council provides assistance to eligible residents of Aitkin, Carlton, Chisago, Isanti, Kanabec, Mille Lacs and Pine Counties of Minnesota. The Board of Directors consists of representatives of the public sector, sector-served and private sector.

Basis of Accounting

The financial statements of the Council have been prepared on the accrual basis of accounting. The accounting policies of the Council conform to accounting principles generally accepted in the United States of America applicable to nonprofit organizations.

Revenues and expenses are accounted for on the accrual basis for all classes of net assets. Revenues are recognized when earned and expensed when incurred.

Financial Statement Presentation

The assets, liabilities, net assets, revenues and expenses of the Council are reported based upon net asset restrictions and the purposes for which resources are to be spent and the means by which spending activities are controlled. Net asset restrictions are categorized as follows:

Unrestricted

Accounts for all financial resources which are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Resources may be used at the discretion of the Board of Directors.

The Council has elected to present temporarily restricted contributions, which are fulfilled in the same period, within unrestricted net assets.

Temporarily Restricted

Accounts for (a) contributions and other inflows of assets whose use by the Council is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Council pursuant to those stipulations, (b) other asset enhancements and diminishment subject to the same kinds of stipulations and (c) reclassifications to (or from) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time or their fulfillment and removal by actions of the Council pursuant to those stipulations. At September 30, 2013 and 2012 the Council did not have temporarily restricted net assets.

Permanently Restricted

Accounts for all financial resources which include a donor-imposed restriction that stipulates the resources be maintained permanently, but permits the Council to use or expend part or all of the income derived from the donated assets. At September 30, 2013 and 2012 the Council did not have permanently restricted net assets.

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2013 and 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Council considers cash in financial institutions and all highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents. There were no payments made for interest or income taxes.

Restricted Cash

The Council has elected out of Minnesota state unemployment insurance and participates in a grantor trust to cover unemployment insurance claims.

Restricted cash represents the Council's estimated cash balance at September 30, 2013 and 2012 for eligible unemployment insurance claims. If claims exceed payments into the trust the Council could become liable for those claims.

Accounts Receivable

The accounts receivable of the Council are the result of the Council extending unsecured credit to the Council's users. Management reviews the current status of the receivables and currently expenses all accounts which are determined to be uncollectible, accordingly, no allowance for doubtful accounts was deemed necessary at September 30, 2013 and 2012. Accounts receivable are considered delinquent after 30 days and the Council does not accrue interest on delinquent receivables.

Weatherization Inventory

Inventory is valued at the lower of cost based on first-in, first-out (FIFO) method or market. Inventory consists of materials and supplies used for the Weatherization Program.

Property and Equipment

The Council capitalizes expenses for land, building and equipment with a cost greater than \$ 2,400. Contributed items are recorded at fair market value at the date of the contribution. Capitalized property and equipment are depreciated over their estimated useful lives ranging from 5 to 25 years. Depreciation is calculated using the straight line basis and totaled \$ 86,382 and \$ 92,506 for the years ended September 30, 2013 and 2012, respectively.

The funding sources have a reversionary interest in the equipment purchased with grant funds. Dispositions and ownership of any proceeds are subject to funding source regulations.

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2013 and 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Long-Lived Assets

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. Measurement of an impairment loss for long-lived assets that management expects to hold and use is based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell. The Council has determined that no impairment existed at September 30, 2013 and 2012.

Investments

Investments consist of certificates of deposit that have original maturities greater than three months and are recorded at cost.

Accrued Compensated Absences

Compensated absences are charged to expenses during the period earned based on employee length of service. A liability for accrued compensated absences is shown in the Statement of Financial Position as of September 30, 2013 and 2012.

Grants

Grant revenues and expenses are accounted for on the accrual basis. Revenues from grant awards are recognized as spent. Expenses are recognized when the related liability is incurred. Grant monies drawn in excess of the related grant expenses are treated as deferred revenue. Grant expenses in excess of the related grant monies drawn are treated as grants receivable.

Program Support

Program support is recognized as revenue in the year services are provided.

In-Kind Contributions

In-kind contributions are reflected as contributions valued at fair value on date of donation. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

A substantial number of nonprofessional and professional volunteers have donated significant amounts of their time in the Council's Early Childhood and Family Development Program, specifically the Head Start Program. For the years ended September 30, 2013 and 2012, donated time totaling \$ 605,644 and \$ 580,574, respectively, were recorded in the Head Start Program, however, no amounts have been reflected in the Statements for donated services.

Due to the nature of the Council's Head Start program, the Council receives the use of private homes while conducting home visits free of charge for the Head Start Program and recognizes an in-kind contribution for the fair market value of rent. For the years ended September 30, 2013 and 2012, the fair market value of the donated space was estimated at \$ 8,105 and \$ 9,383, respectively.

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2013 and 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In-Kind Contributions (Continued)

In addition, for the years ended September 30, 2013 and 2012, donated transportation costs totaled \$ 6,364 and \$8,161, respectively, and donated supplies costs totaled \$ 4,626 and \$ 22,214, respectively. The Council received the use of private vehicles driven by parents or guardians to transport Head Start children to required socialization visits. Similarly, the Head Start program received donated education supplies in the form of discounts and free-will donations. Both transportation and supplies of the above nature would be purchased by the Head Start program if not provided by donation. No amounts have been reflected in the Statements for donated transportation services.

Functional Expense Allocation

The Council allocates its expenses on a functional basis among its programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated based on estimates by management. Functional classification of expenses for the years ended September 30, 2013 and 2012, consisted of \$ 8,715,959 and \$ 6,237,058 related to program services and \$ 762,597 and \$ 618,365 related to management and general support services, respectively.

Cost Allocation

The Council follows a cost allocation plan to allocate costs not directly attributable to specific programs.

Advertising Costs

The Council's policy is to expense advertising costs as they are incurred. During the years ended September 30, 2013 and 2012, the Council incurred advertising costs totaling \$ 11,202 and \$ 20,787, respectively.

Tax Status

The Council is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Council is also exempt from Minnesota Franchise or income tax.

The Council is required to assess whether an uncertain tax position exists and if there should be recognition of a related benefit or liability in the financial statements. The Council has determined there are no amounts to record as assets or liabilities related to uncertain tax positions. Generally, the Council is no longer subject to examination by tax authorities for years before September 30, 2009.

Subsequent Events

The Council has evaluated subsequent events through January 27, 2014, the date which the financial statements were available to be issued.

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2013 and 2012

NOTE 2 – GRANTS RECEIVABLE/DEFERRED REVENUE

	September 30,	
	2013	2012
Federal Programs	\$ 203,096	\$ 179,074
State and Local Programs	(155,698)	(266,390)
Net Grants Receivable (Deferred Revenue) - Grants	\$ 47,398	\$ (87,316)

Grants receivable and deferred revenue are included on the Statements of Financial Position as follows:

	September 30,	
	2013	2012
Grants Receivable	\$ 312,931	\$ 221,998
Deferred Revenue	(265,533)	(309,314)
Net Deferred Revenue - Grants	\$ 47,398	\$ (87,316)

NOTE 3 – PROPERTY AND EQUIPMENT

	September 30,	
	2013	2012
Land	\$ 40,900	\$ 40,900
Buildings and Improvements	522,632	435,328
Vehicles and Equipment	786,899	802,822
	1,350,431	1,279,050
Less Accumulated Depreciation	(1,071,948)	(998,160)
Property and Equipment, Net	\$ 278,483	\$ 280,890

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2013 and 2012

NOTE 4 – DESIGNATED NET ASSETS

	September 30,	
	2013	2012
Designated for:		
Contracted Services	\$ 11,122	\$ 25,217
EAP/Furnace	29,954	32,966
Emergency Services	24,156	23,322
Financial Literacy	-	1,347
Head Start	642	697
Head Start Transportation	215	500
Inspection Services	31,096	31,751
MHFA Administration Funds	-	2,329
Pine County Financial Education	-	537
Princeton Contract Income	676	676
Reading is Fundamental (RIF)	1,941	2,141
Tax Assistance	-	2,428
Transportation Assistance	744	744
	<u>744</u>	<u>744</u>
	<u>\$ 100,546</u>	<u>\$ 124,655</u>

NOTE 5 – RETIREMENT PLAN

The Council sponsors a 403(b) retirement plan. The plan covers substantially all full-time employees. Contributions to the plan amounted to \$ 109,357 and \$ 108,317 for the years ended September 30, 2013 and 2012, respectively.

NOTE 6 – MATCHING FUNDS

Certain grants require securing of matching funds from other sources. The Council is meeting the matching fund requirements.

NOTE 7 – CONCENTRATIONS AND CONTINGENCIES

Concentrations – Revenue

During the year ended September 30, 2013, 23% of the Council's revenue was from the Head Start Program funded through the U.S. Department of Health and Human Services. During the year ended September 30, 2012, 27% of the Council's revenue was from the Energy Assistance and Weatherization Programs funded through the U.S. Department of Health and Human Services and the U.S. Department of Energy. Federal and state grant revenue accounted for a total of 95% of the Council's revenue for the year ended September 30, 2013.

During the year ended September 30, 2012, 77% of the Council's revenue was from the Energy Assistance and Weatherization Programs funded through the U.S. Department of Health and Human Services and the U.S. Department of Energy. Federal and state grant revenue accounted for a total of 92% of the Council's revenue for the year ended September 30, 2012.

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013 and 2012

NOTE 7 – CONCENTRATIONS AND CONTINGENCIES

Nonexpendable Property

Under provisions of various federal grants, title to all nonexpendable property acquired for use in the programs shall revert to the grantor upon termination of the programs.

Federal and State Program Activities

Federal and state program activities are subject to financial and compliance regulation. To the extent that any expenditures are disallowed, a liability to the respective federal or state agency could result.

Claims

The Council is subject to claims arising in the normal course of business. While it is not feasible to determine the outcomes of any of these claims, it is the opinion of management that their outcomes will not have a material effect on the financial position or activities of the Council.

Employee Dental Plan

The Council maintains a self-insured employee dental plan which insures covered employees and their families for approved claims. The Council is liable for those claims up to the Plan's limit of \$ 1,000 per enrolled employee and each eligible family member.

NOTE 8 – RECLASSIFICATIONS

The Statements of Financial Position and Activities for September 30, 2012 were reclassified to conform to the presentation used for the September 30, 2013 statements.

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SUPPLEMENTARY INFORMATION

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.

STATEMENT OF FINANCIAL POSITION - BY FUNCTION
September 30, 2013

	Administration	Community Services	Early Childhood and Family Development	Weatherization
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ -	\$ 117,162	\$ 54,594	\$ -
Restricted Cash - Unemployment Trust	-	-	-	-
Due from Other Funds	-	-	-	-
Interest Receivable	-	-	-	-
Accounts Receivable	12,979	-	-	-
Grants Receivable	15,704	55,526	182,067	48,321
Transportation Loans Receivable	-	200	-	-
Prepaid Expenses	4,183	1,739	11,566	2,962
Weatherization Inventory	-	-	-	68,272
Total Current Assets	<u>32,866</u>	<u>174,627</u>	<u>248,227</u>	<u>119,555</u>
Property and Equipment	-	-	-	-
Noncurrent Asset				
Investments - Certificates of Deposit	-	-	-	-
Total Assets	<u>\$ 32,866</u>	<u>\$ 174,627</u>	<u>\$ 248,227</u>	<u>\$ 119,555</u>
LIABILITIES AND NET ASSETS				
Current Liabilities				
Due to Other Funds	\$ 20,675	\$ 43,755	\$ 152,746	\$ 33,533
Accounts Payable	12,191	23,744	46,093	17,750
Accrued Payroll and Related Taxes and Benefits	-	-	-	-
Accrued Vacation	-	-	-	-
Accrued Unemployment	-	-	-	-
Deferred Revenue - Grants	-	107,128	49,388	-
Total Current Liabilities	<u>32,866</u>	<u>174,627</u>	<u>248,227</u>	<u>51,283</u>
Net Assets				
Unrestricted	-	-	-	68,272
Designated	-	-	-	-
Investment in Property and Equipment	-	-	-	-
Total Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,272</u>
Total Liabilities and Net Assets	<u>\$ 32,866</u>	<u>\$ 174,627</u>	<u>\$ 248,227</u>	<u>\$ 119,555</u>

Energy Assistance	Housing Rehabilitation	Other Programs	GAAP Elimination	Total
\$ 1,755	\$ 44,072	\$ 638,344	\$ -	\$ 855,927
-	-	196,278	-	196,278
-	-	271,683	(271,683)	-
-	-	649	-	649
-	10,177	96,869	-	120,025
-	11,313	-	-	312,931
-	-	-	-	200
1,970	285	988	-	23,693
-	-	-	-	68,272
<u>3,725</u>	<u>65,847</u>	<u>1,204,811</u>	<u>(271,683)</u>	<u>1,577,975</u>
-	-	278,483	-	278,483
-	-	751,515	-	751,515
<u>\$ 3,725</u>	<u>\$ 65,847</u>	<u>\$ 2,234,809</u>	<u>\$ (271,683)</u>	<u>\$ 2,607,973</u>
\$ -	\$ 20,974	\$ -	\$ (271,683)	\$ -
3,725	29,843	54,953	-	188,299
-	-	240,109	-	240,109
-	-	110,704	-	110,704
-	-	196,278	-	196,278
-	15,030	93,987	-	265,533
<u>3,725</u>	<u>65,847</u>	<u>696,031</u>	<u>(271,683)</u>	<u>1,000,923</u>
-	-	1,159,749	-	1,228,021
-	-	100,546	-	100,546
-	-	278,483	-	278,483
-	-	1,538,778	-	1,607,050
<u>\$ 3,725</u>	<u>\$ 65,847</u>	<u>\$ 2,234,809</u>	<u>\$ (271,683)</u>	<u>\$ 2,607,973</u>

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.

STATEMENT OF ACTIVITIES - BY FUNCTION
Year Ended September 30, 2013

	Administration	Community Services	Early Childhood and Family Development
REVENUES			
Grant Revenue			
Federal Grants	\$ 292,230	\$ 233,679	\$ 2,504,572
State Grants	101,929	429,818	632,285
Other Grants	-	66,440	171,459
In-Kind Contributions	-	-	12,731
Program Support	-	9,603	1,101
Interest Income	-	206	77
Loss on Disposal of Fixed Assets	-	-	-
Total Revenues	<u>394,159</u>	<u>739,746</u>	<u>3,322,225</u>
EXPENSES			
Wages and Fringe Benefits	169,344	305,269	2,275,807
Professional Services	3,170	2,602	11,638
Contractual Services	-	150	192,802
Vehicle Expense and Travel	24,304	18,158	253,347
Training	13,127	1,501	22,048
In-Kind Contribution	-	-	12,731
Supplies and Copy Costs	9,026	18,471	38,413
Insurance	1,838	2,156	15,841
Equipment Maintenance	1,072	2,318	722
Office Rent, Utilities, Space Costs and Support	122,532	19,122	408,935
Dues, Subscriptions and Memberships	10,528	1,058	8,075
Communication (Postage and Telephone)	1,394	2,880	22,242
Printed Forms and Advertising	1,893	1,661	3,323
Direct Client Support	35,931	364,400	56,301
Depreciation	-	-	-
Miscellaneous	-	-	-
Total Expenses	<u>394,159</u>	<u>739,746</u>	<u>3,322,225</u>
Change in Net Assets	-	-	-
Other Change in Net Assets			
Weatherization Inventory Used	-	-	-
NET ASSETS			
Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Weatherization</u>	<u>Energy Assistance</u>	<u>Housing Rehabilitation</u>	<u>Other Programs</u>	<u>GAAP Adjustment</u>	<u>Total</u>
\$ 897,245	\$ 1,251,417	\$ -	\$ -	\$ -	\$ 5,179,143
1,423	-	2,475,728	-	-	3,641,183
-	-	-	169,670	-	407,569
-	-	-	-	-	12,731
-	-	12,510	81,432	-	104,646
-	6	59	6,935	-	7,283
-	-	-	(3,329)	-	(3,329)
<u>898,668</u>	<u>1,251,423</u>	<u>2,488,297</u>	<u>254,708</u>	<u>-</u>	<u>9,349,226</u>
540,224	507,454	44,428	714,228	-	4,556,754
2,259	1,669	2,881	1,647	-	25,866
-	5,900	-	11,517	-	210,369
43,733	2,288	1,574	3,538	-	346,942
7,343	776	124	11,350	-	56,269
					12,731
5,816	12,138	290	25,582	17,081	126,817
12,304	3,293	232	246	-	35,910
548	1,498	379	24,745	-	31,282
101,971	125,965	45,346	(689,418)	-	134,453
25	174	-	470	-	20,330
581	9,567	2,427	20,860	-	59,951
250	2,380	63	1,632	-	11,202
183,606	578,210	2,390,553	153,853	-	3,762,854
-	-	-	86,382	-	86,382
8	111	-	325	-	444
<u>898,668</u>	<u>1,251,423</u>	<u>2,488,297</u>	<u>366,957</u>	<u>17,081</u>	<u>9,478,556</u>
-	-	-	(112,249)	(17,081)	(129,330)
(17,081)	-	-	-	17,081	-
<u>85,353</u>	<u>-</u>	<u>-</u>	<u>1,651,027</u>	<u>-</u>	<u>1,736,380</u>
<u>\$ 68,272</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,538,778</u>	<u>\$ -</u>	<u>\$ 1,607,050</u>

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.

STATEMENT OF FINANCIAL POSITION - ADMINISTRATION
September 30, 2013

	<u>#107 Community Services Block Grant</u>	<u>#181 MN Community Action Grant</u>	<u>Total</u>
ASSETS			
Current Assets			
Accounts Receivable	\$ 12,979	\$ -	\$ 12,979
Grants Receivable	15,675	29	15,704
Prepaid Expenses	4,183	-	4,183
Total Current Assets	<u>\$ 32,837</u>	<u>\$ 29</u>	<u>\$ 32,866</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Due to Other Programs	\$ 20,651	\$ 24	\$ 20,675
Accounts Payable	12,186	5	12,191
Total Current Liabilities	<u>32,837</u>	<u>29</u>	<u>32,866</u>
Net Assets			
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 32,837</u>	<u>\$ 29</u>	<u>\$ 32,866</u>

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.

STATEMENT OF ACTIVITIES - ADMINISTRATION
Year Ended September 30, 2013

	<u>#106</u> MN Community Action Grant	<u>#107</u> Community Services Block Grant	<u>#181</u> MN Community Action Grant	<u>Total</u>
REVENUES				
Grant Revenue				
Federal Grants	\$ -	\$ 292,230	\$ -	\$ 292,230
State Grants	101,899	-	30	101,929
Total Revenues	<u>101,899</u>	<u>292,230</u>	<u>30</u>	<u>394,159</u>
EXPENSES				
Wages and Fringe Benefits	54,281	115,063	-	169,344
Professional Services	470	2,694	6	3,170
Vehicle Expense and Travel	5,534	18,770	-	24,304
Training	4,709	8,418	-	13,127
Supplies and Copy Costs	2,485	6,541	-	9,026
Insurance	24	1,814	-	1,838
Equipment Maintenance	402	670	-	1,072
Office Rent, Utilities, Space Costs and Support	16,810	105,698	24	122,532
Dues, Subscriptions and Memberships	1,839	8,689	-	10,528
Communication (Postage and Telephone)	1,744	(350)	-	1,394
Printed Forms and Advertising	943	950	-	1,893
Administration Direct Client Support	12,658	23,273	-	35,931
Total Expenses	<u>101,899</u>	<u>292,230</u>	<u>30</u>	<u>394,159</u>
Change in Net Assets	-	-	-	-
NET ASSETS				
Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.

STATEMENT OF FINANCIAL POSITION - COMMUNITY SERVICES
September 30, 2013

	<u>#138 Financial Literacy Initiative</u>	<u>#139 Emergency Solutions Re-housing Program</u>	<u>#157 SSI/SSDI Outreach Access and Recovery</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 5,300	\$ -	\$ 6,479
Grants Receivable	-	996	-
Transportation Loans Receivable	-	-	-
Prepaid Expenses	-	53	8
	<u>5,300</u>	<u>1,049</u>	<u>6,487</u>
Total Current Assets	<u>\$ 5,300</u>	<u>\$ 1,049</u>	<u>\$ 6,487</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Due to Other Programs	\$ -	\$ 137	\$ -
Accounts Payable	2,834	912	-
Deferred Revenue - Grants	2,466	-	6,487
Total Current Liabilities	<u>5,300</u>	<u>1,049</u>	<u>6,487</u>
Net Assets			
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 5,300</u>	<u>\$ 1,049</u>	<u>\$ 6,487</u>

<u>#158 SNAP Outreach</u>	<u>#159 Transitional Housing Program</u>	<u>#160 Tax Assistance</u>	<u>#161 Vehicle Donation Program</u>	<u>#162 BCBS Access to Coverage</u>
\$ -	\$ -	\$ 1,415	\$ 32,234	\$ -
6,020	24,748	-	-	1,536
-	-	-	-	-
465	26	76	62	338
<u>\$ 6,485</u>	<u>\$ 24,774</u>	<u>\$ 1,491</u>	<u>\$ 32,296</u>	<u>\$ 1,874</u>
\$ 4,090	\$ 21,981	\$ -	\$ -	\$ 1,700
2,395	2,793	353	2,195	174
-	-	1,138	30,101	-
6,485	24,774	1,491	32,296	1,874
-	-	-	-	-
<u>\$ 6,485</u>	<u>\$ 24,774</u>	<u>\$ 1,491</u>	<u>\$ 32,296</u>	<u>\$ 1,874</u>

#163 Emergency Solutions Grant Rehousing	#164 Transitional Housing	#165 Emergency Services Program	#166 Hunger Free Planning Fund	#167 Transportation Loan Program
\$ -	\$ 2,678	\$ -	\$ 3,914	\$ 12,585
3,443	-	18,783	-	-
-	-	-	-	200
-	-	-	-	-
<u>\$ 3,443</u>	<u>\$ 2,678</u>	<u>\$ 18,783</u>	<u>\$ 3,914</u>	<u>\$ 12,785</u>
\$ 3,325	\$ -	\$ 12,522	\$ -	\$ -
118	83	6,261	184	-
-	2,595	-	3,730	12,785
<u>3,443</u>	<u>2,678</u>	<u>18,783</u>	<u>3,914</u>	<u>12,785</u>
-	-	-	-	-
<u>\$ 3,443</u>	<u>\$ 2,678</u>	<u>\$ 18,783</u>	<u>\$ 3,914</u>	<u>\$ 12,785</u>

#170 Family Homeless Prevention '13/'15	Total
\$ 52,557	\$ 117,162
-	55,526
-	200
<u>711</u>	<u>1,739</u>
<u>\$ 53,268</u>	<u>\$ 174,627</u>
\$ -	\$ 43,755
5,442	23,744
<u>47,826</u>	<u>107,128</u>
53,268	174,627
<u>-</u>	<u>-</u>
<u>\$ 53,268</u>	<u>\$ 174,627</u>

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.

STATEMENT OF ACTIVITIES - COMMUNITY SERVICES
Year Ended September 30, 2013

	<u>#160 Tax Assistance</u>	<u>#128 Rural Poverty Fund</u>	<u>#136 Emergency Shelter Program '11/'13</u>
REVENUES			
Grant Revenue			
Federal Grants	\$ 10,400	\$ -	\$ 77,408
State Grants	5,500	-	-
Other Grants	1,400	1,335	-
Program Support	3,903	-	-
Interest Income	-	-	-
Total Revenues	21,203	1,335	77,408
EXPENSES			
Wages and Fringe Benefits	17,563	959	13,664
Professional Services	-	-	-
Contractual Services	-	-	-
Vehicle Expense and Travel	574	-	83
Training	-	-	-
Supplies and Copy Costs	835	65	868
Insurance	-	-	-
Equipment Maintenance	98	-	-
Office Rent, Utilities, Space Costs and Support	-	-	-
Dues, Subscriptions and Memberships	-	-	-
Communication (Postage and Telephone)	489	311	-
Printed Forms and Advertising	-	-	-
Community Services Direct Client Support	1,644	-	62,793
Total Expenses	21,203	1,335	77,408
Change in Net Assets	-	-	-
NET ASSETS			
Beginning of Year	-	-	-
End of Year	\$ -	\$ -	\$ -

#139 Emergency Solutions Re-housing Program	#159 Transitional Housing Program	#138 Financial Literacy Initiative	#157 SSI/SSDI Outreach Access & Recovery	#158 SNAP Outreach
\$ 67,761	\$ 70,274	\$ -	\$ -	\$ -
-	-	-	2,012	50,314
-	-	5,034	-	25,000
-	2,730	2,170	-	-
-	-	-	-	-
<u>67,761</u>	<u>73,004</u>	<u>7,204</u>	<u>2,012</u>	<u>75,314</u>
33,455	10,845	-	1,765	66,529
612	421	-	-	-
-	-	-	-	-
250	212	707	238	1,304
-	-	-	-	150
44	-	3,880	4	3,099
-	69	-	-	-
1,649	-	-	-	-
1,440	-	-	-	4,225
113	-	-	-	-
-	-	34	5	7
-	-	-	-	-
30,198	61,457	2,583	-	-
<u>67,761</u>	<u>73,004</u>	<u>7,204</u>	<u>2,012</u>	<u>75,314</u>
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

#161 Vehicle Donation Program	#156 Family Homeless Prevention '11/'12	#162 BCBS Access to Coverage	#163 Emergency Solutions Grant Rehousing	#164 Transitional Housing
\$ -	\$ -	\$ -	\$ 7,562	\$ -
-	237,513	-	-	16,711
29,899	-	2,502	-	-
800	-	-	-	-
43	153	-	-	-
<u>30,742</u>	<u>237,666</u>	<u>2,502</u>	<u>7,562</u>	<u>16,711</u>
22,324	95,696	831	1,527	3,758
258	814	50	118	80
150	-	-	-	-
3,675	7,278	115	-	-
-	691	-	-	-
548	2,933	429	-	378
1,401	304	-	-	-
571	-	-	-	-
115	1,714	682	192	-
-	754	-	-	-
-	1,303	328	-	-
1,320	-	67	-	-
380	126,179	-	5,725	12,495
<u>30,742</u>	<u>237,666</u>	<u>2,502</u>	<u>7,562</u>	<u>16,711</u>
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

#165 Emergency Services Program	#166 Hunger Free Planning Fund	#170 Family Homeless Prevention '13/'15	#073 Emergency Food and Shelter Program	Total
\$ -	\$ -	\$ -	\$ 274	\$ 233,679
32,043	-	85,725	-	429,818
-	1,270	-	-	66,440
-	-	-	-	9,603
-	-	10	-	206
<u>32,043</u>	<u>1,270</u>	<u>85,735</u>	<u>274</u>	<u>739,746</u>
4,129	1,086	31,138	-	305,269
-	-	249	-	2,602
-	-	-	-	150
-	123	3,599	-	18,158
-	-	660	-	1,501
627	61	4,700	-	18,471
-	-	382	-	2,156
-	-	-	-	2,318
-	-	10,754	-	19,122
-	-	191	-	1,058
-	-	403	-	2,880
-	-	-	274	1,661
<u>27,287</u>	<u>-</u>	<u>33,659</u>	<u>-</u>	<u>364,400</u>
<u>32,043</u>	<u>1,270</u>	<u>85,735</u>	<u>274</u>	<u>739,746</u>
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.

**STATEMENT OF FINANCIAL POSITION -
EARLY CHILDHOOD AND FAMILY DEVELOPMENT
September 30, 2013**

	<u>#234 Head Start 'U'</u>	<u>#235 Head Start 'V'</u>	<u>#13C Child and Adult Care Food Program '14</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 1,992	\$ -	\$ -
Grants Receivable	3,229	103,407	3,645
Prepaid Expenses	<u>-</u>	<u>8,681</u>	<u>-</u>
Total Current Assets	<u>\$ 5,221</u>	<u>\$ 112,088</u>	<u>\$ 3,645</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Due to Other Programs	\$ -	\$ 80,252	\$ 3,645
Accounts Payable	5,221	31,836	-
Deferred Revenue - Grants	<u>-</u>	<u>-</u>	<u>-</u>
Total Current Liabilities	<u>5,221</u>	<u>112,088</u>	<u>3,645</u>
Net Assets			
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 5,221</u>	<u>\$ 112,088</u>	<u>\$ 3,645</u>

#261 State '14	#286 Building Blocks for Success '13	#287 Bright Beginnings '13	Total
\$ -	\$ 29,025	\$ 23,577	\$ 54,594
71,786	-	-	182,067
2,516	137	232	11,566
<u>\$ 74,302</u>	<u>\$ 29,162</u>	<u>\$ 23,809</u>	<u>\$ 248,227</u>
\$ 68,849	\$ -	\$ -	\$ 152,746
5,453	2,822	761	46,093
-	26,340	23,048	49,388
<u>74,302</u>	<u>29,162</u>	<u>23,809</u>	<u>248,227</u>
-	-	-	-
<u>\$ 74,302</u>	<u>\$ 29,162</u>	<u>\$ 23,809</u>	<u>\$ 248,227</u>

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.

**STATEMENT OF ACTIVITIES - EARLY CHILDHOOD AND FAMILY DEVELOPMENT
Year Ended September 30, 2013**

	#234 Head Start 'U'	#235 Head Start 'V'	#12C Child and Adult Care Food Program '13	#13C Child and Adult Care Food Program '14
REVENUES				
Grant Revenue				
Federal Grants	\$ 2,141,986	\$ 337,290	\$ 21,651	\$ 3,645
State Grants	-	-	-	-
Other Grants	-	-	-	-
In-Kind Contributions	624,739	-	-	-
Program Support	-	1,101	-	-
Interest Income	-	-	-	-
Total Revenues	2,766,725	338,391	21,651	3,645
EXPENSES				
Wages and Fringe Benefits	1,475,360	235,873	-	-
Professional Services	6,565	208	-	-
Contractual Services	141,055	20,893	-	-
Vehicle Expense and Travel	165,291	24,086	-	-
Training	18,950	1,965	-	-
In-Kind Contribution	624,739	-	-	-
Supplies and Copy Costs	27,945	3,644	-	-
Insurance	11,371	1,610	-	-
Equipment Maintenance	584	-	-	-
Office Rent, Utilities, Space Costs and Support	251,626	40,298	-	-
Dues, Subscriptions and Memberships	2,859	3,914	-	-
Communication (Postage and Telephone)	14,565	2,863	-	-
Printed Forms and Advertising	2,500	379	-	-
Head Start Direct Client Support	23,315	2,658	21,651	3,645
Total Expenses	2,766,725	338,391	21,651	3,645
Change in Net Assets	-	-	-	-
NET ASSETS				
Beginning of Year	-	-	-	-
End of Year	\$ -	\$ -	\$ -	\$ -

#230 State '13	#261 State '14	#286 Building Blocks for Success '13	#287 Bright Beginnings '13	Head Start 'U' Non-Federal Share Elimination	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,504,572
476,690	155,595	-	-	-	632,285
-	-	108,024	63,435	-	171,459
-	-	-	-	(612,008)	12,731
-	-	-	-	-	1,101
10	-	67	-	-	77
<u>476,700</u>	<u>155,595</u>	<u>108,091</u>	<u>63,435</u>	<u>(612,008)</u>	<u>3,322,225</u>
358,761	116,423	50,028	39,362	-	2,275,807
3,093	287	698	787	-	11,638
667	86	30,075	26	-	192,802
39,172	12,243	7,951	4,604	-	253,347
731	-	9	393	-	22,048
-	-	-	-	(612,008)	12,731
2,086	1,305	2,970	463	-	38,413
1,574	842	249	195	-	15,841
138	-	-	-	-	722
62,393	22,439	15,464	16,715	-	408,935
701	156	358	87	-	8,075
3,296	832	236	450	-	22,242
176	253	11	4	-	3,323
3,912	729	42	349	-	56,301
<u>476,700</u>	<u>155,595</u>	<u>108,091</u>	<u>63,435</u>	<u>(612,008)</u>	<u>3,322,225</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.

STATEMENT OF FINANCIAL POSITION - WEATHERIZATION
September 30, 2013

	#310 State Wx	#332 DOE Wx '13	#370 EAP Wx C/O '13	#391 Propane '14	Total
ASSETS					
Current Assets					
Grants Receivable	\$ 127	\$ 2,977	\$ 44,977	\$ 240	\$ 48,321
Prepaid Expenses	-	725	2,237	-	2,962
Weatherization Inventory	-	68,272	-	-	68,272
Total Current Assets	\$ 127	\$ 71,974	\$ 47,214	\$ 240	\$ 119,555
LIABILITIES AND NET ASSETS					
Current Liabilities					
Due to Other Programs	\$ 109	\$ 1,317	\$ 31,901	\$ 206	\$ 33,533
Accounts Payable	18	2,385	15,313	34	17,750
Deferred Revenue - Grants	-	-	-	-	-
Total Current Liabilities	127	3,702	47,214	240	51,283
Net Assets					
Unrestricted	-	68,272	-	-	68,272
Total Liabilities and Net Assets	\$ 127	\$ 71,974	\$ 47,214	\$ 240	\$ 119,555

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LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.

STATEMENT OF ACTIVITIES - WEATHERIZATION
Year Ended September 30, 2013

	#324 DOE Wx ARRA	#310 State Wx '14	#332 DOE Wx '13	#369 EAP Wx C/O '12
REVENUES				
Grant Revenue				
Federal Grants	\$ 7,893	\$ -	\$ 282,538	\$ 379,623
State Grants	-	127	-	-
Total Revenues	7,893	127	282,538	379,623
EXPENSES				
Wages and Fringe Benefits	723	-	131,770	260,000
Professional Services	-	18	1,690	146
Vehicle Expense and Travel	638	-	21,126	10,009
Training	3,671	-	3,205	467
Supplies and Copy Costs	2,861	-	2,255	672
Insurance	-	-	6,024	5,332
Equipment Maintenance	-	-	-	545
Office Rent, Utilities, Space Costs and Support	-	109	24,458	49,739
Dues, Subscriptions and Memberships	-	-	-	-
Communication (Postage and Telephone)	-	-	-	483
Printed Forms and Advertising	-	-	-	221
Weatherization Direct Client Support	-	-	92,010	52,009
Miscellaneous	-	-	-	-
Total Expenses	7,893	127	282,538	379,623
Change in Net Assets	-	-	-	-
Other Changes in Net Assets				
Change in Weatherization Inventory	-	-	(17,081)	-
NET ASSETS				
Beginning of Year	-	-	85,353	-
End of Year	\$ -	\$ -	\$ 68,272	\$ -

#370 EAP Wx C/O '13	#390 Propane '13	#391 Propane '14	Total
\$ 227,191	\$ -	\$ -	\$ 897,245
-	1,056	240	1,423
<u>227,191</u>	<u>1,056</u>	<u>240</u>	<u>898,668</u>
147,731	-	-	540,224
327	44	34	2,259
11,960	-	-	43,733
-	-	-	7,343
28	-	-	5,816
948	-	-	12,304
-	3	-	548
26,450	1,009	206	101,971
25	-	-	25
98	-	-	581
29	-	-	250
39,587	-	-	183,606
8	-	-	8
<u>227,191</u>	<u>1,056</u>	<u>240</u>	<u>898,668</u>
-	-	-	-
-	-	-	(17,081)
-	-	-	<u>85,353</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,272</u>

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.

STATEMENT OF FINANCIAL POSITION - ENERGY ASSISTANCE

September 30, 2013

	<u>#435 Energy Assistance '13</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 1,755
Prepaid Expenses	<u>1,970</u>
Total Current Assets	<u><u>\$ 3,725</u></u>
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts Payable	<u>\$ 3,725</u>
Total Current Liabilities	3,725
Net Assets	
Unrestricted	<u>-</u>
Total Liabilities and Net Assets	<u><u>\$ 3,725</u></u>

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.

**STATEMENT OF ACTIVITIES - ENERGY ASSISTANCE
Year Ended September 30, 2013**

	<u>#435 Energy Assistance '13</u>	<u>Energy Assistance '13 Elimination</u>	<u>Total</u>
REVENUES			
Grant Revenue			
Federal Grants	\$ 7,151,503	\$ (5,900,086)	\$ 1,251,417
Interest Income	<u>6</u>	<u>-</u>	<u>6</u>
Total Revenues	<u>7,151,509</u>	<u>(5,900,086)</u>	<u>1,251,423</u>
EXPENSES			
Wages and Fringe Benefits	507,454	-	507,454
Professional Services	1,669	-	1,669
Contractual Services	5,900	-	5,900
Vehicle Expense and Travel	2,288	-	2,288
Training	776	-	776
Supplies and Copy Costs	12,138	-	12,138
Insurance	3,293	-	3,293
Equipment Maintenance	1,498	-	1,498
Office Rent, Utilities, Space Costs and Support	125,965	-	125,965
Dues, Subscriptions and Memberships	174	-	174
Communication (Postage and Telephone)	9,567	-	9,567
Printed Forms and Advertising	2,380	-	2,380
Energy Assistance Direct Client Support	6,478,296	(5,900,086)	578,210
Miscellaneous	111	-	111
Total Expenses	<u>7,151,509</u>	<u>(5,900,086)</u>	<u>1,251,423</u>
Change in Net Assets	-	-	-
NET ASSETS			
Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.

STATEMENT OF FINANCIAL POSITION - HOUSING REHABILITATION
September 30, 2013

	<u>#517 MHFA Loan Program</u>	<u>#518 Rental Rehabilitation Loan Program</u>	<u>#575 Pine County</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 44,072	\$ -	\$ -
Accounts Receivable	-	10,177	-
Grants Receivable	-	-	2,836
Prepaid Expenses	149	35	5
	<u>44,221</u>	<u>10,212</u>	<u>2,841</u>
Total Current Assets	<u>\$ 44,221</u>	<u>\$ 10,212</u>	<u>\$ 2,841</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Due to Other Programs	\$ -	\$ 10,062	\$ 2,765
Accounts Payable	29,191	150	76
Deferred Revenue - Grants	15,030	-	-
	<u>44,221</u>	<u>10,212</u>	<u>2,841</u>
Total Current Liabilities	<u>44,221</u>	<u>10,212</u>	<u>2,841</u>
Net Assets			
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 44,221</u>	<u>\$ 10,212</u>	<u>\$ 2,841</u>

#576 City of Braham	#577 Princeton/ Milaca Collaborative	#580 Braham/ Grasston Collaborative	Total
\$ -	\$ -	\$ -	\$ 44,072
-	-	-	10,177
2,731	3,361	2,385	11,313
37	59	-	285
<u>\$ 2,768</u>	<u>\$ 3,420</u>	<u>\$ 2,385</u>	<u>\$ 65,847</u>
\$ 2,604	\$ 3,265	\$ 2,278	\$ 20,974
164	155	107	29,843
-	-	-	15,030
<u>2,768</u>	<u>3,420</u>	<u>2,385</u>	<u>65,847</u>
-	-	-	-
<u>\$ 2,768</u>	<u>\$ 3,420</u>	<u>\$ 2,385</u>	<u>\$ 65,847</u>

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.

**STATEMENT OF ACTIVITIES - HOUSING REHABILITATION
Year Ended September 30, 2013**

	<u>#517 MHFA Loan Program</u>	<u>#518 Rental Rehabilitation Loan Program</u>	<u>#575 Pine County</u>
REVENUES			
Grant Revenue			
State Grants	\$ 2,440,655	\$ -	\$ 5,325
Program Support			
	2,329	10,181	-
Interest Income			
	59	-	-
Total Revenues	2,443,043	10,181	5,325
EXPENSES			
Wages and Fringe Benefits	28,683	4,626	1,320
Professional Services	1,295	371	292
Vehicle Expense and Travel	645	130	118
Training	2	-	4
Supplies and Copy Costs	23	2	11
Insurance	161	-	9
Equipment Maintenance	169	-	105
Office Rent, Utilities, Space Costs and Support	24,298	5,000	3,195
Communication (Postage and Telephone)	2,039	52	58
Printed Forms and Advertising	3	-	4
Housing Rehabilitation Direct Client Support	2,385,725	-	209
Total Expenses	2,443,043	10,181	5,325
Change in Net Assets	-	-	-
NET ASSETS			
Beginning of Year	-	-	-
End of Year	\$ -	\$ -	\$ -

#576 City of Braham	#577 Princeton/ Milaca Collaborative	#580 Braham/ Grasston Collaborative	Total
\$ 9,159	\$ 18,204	\$ 2,385	\$ 2,475,728
-	-	-	12,510
-	-	-	59
<u>9,159</u>	<u>18,204</u>	<u>2,385</u>	<u>2,488,297</u>
3,978	4,826	995	44,428
343	525	55	2,881
66	399	216	1,574
69	49	-	124
84	20	150	290
30	24	8	232
-	105	-	379
4,578	7,358	917	45,346
11	223	44	2,427
-	56	-	63
-	4,619	-	2,390,553
<u>9,159</u>	<u>18,204</u>	<u>2,385</u>	<u>2,488,297</u>
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.

STATEMENT OF FINANCIAL POSITION - OTHER PROGRAMS
September 30, 2013

	#051 Conservation Improvement	#001 Payroll Fund	#050 Special Programs	#910-960 Cost Allocation	Total
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 97,333	\$ 472,091	\$ 64,136	\$ 4,784	\$ 638,344
Restricted Cash	-	-	196,278	-	196,278
Due from Other Programs	-	-	271,683	-	271,683
Interest Receivable	-	-	649	-	649
Accounts Receivable	-	75,000	21,869	-	96,869
Prepaid Expenses	55	-	933	-	988
Total Current Assets	97,388	547,091	555,548	4,784	1,204,811
Property and Equipment, Net	-	-	278,483	-	278,483
Noncurrent Asset					
Investment	-	-	751,515	-	751,515
Total Assets	<u>\$ 97,388</u>	<u>\$ 547,091</u>	<u>\$ 1,585,546</u>	<u>\$ 4,784</u>	<u>\$ 2,234,809</u>
LIABILITIES AND NET ASSETS					
Current Liabilities					
Accounts Payable	\$ 3,401	\$ -	\$ 46,768	\$ 4,784	\$ 54,953
Accrued Payroll and Related Taxes and Benefits	-	240,109	-	-	240,109
Accrued Vacation	-	110,704	-	-	110,704
Accrued Unemployment	-	196,278	-	-	196,278
Deferred Revenue - Grants	93,987	-	-	-	93,987
Total Current Liabilities	97,388	547,091	46,768	4,784	696,031
Net Assets					
Unrestricted	-	-	1,159,749	-	1,159,749
Designated	-	-	100,546	-	100,546
Investment in Property and Equipment	-	-	278,483	-	278,483
	-	-	1,538,778	-	1,538,778
Total Liabilities and Net Assets	<u>\$ 97,388</u>	<u>\$ 547,091</u>	<u>\$ 1,585,546</u>	<u>\$ 4,784</u>	<u>\$ 2,234,809</u>

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.

STATEMENT OF ACTIVITIES - OTHER PROGRAMS
Year Ended September 30, 2013

	#051 Conservation Improvement	#050 Special Programs	#910-960 Cost Allocation	Cost Allocation Elimination	Total
REVENUES					
Grant Revenue					
Other Grants	\$ 165,920	\$ 3,750	\$ -	\$ -	\$ 169,670
Program Support	-	81,432	762,597	(762,597)	81,432
Interest Income	110	6,825	-	-	6,935
Loss on Disposal of Fixed Assets	-	(3,329)	-	-	(3,329)
Total Revenues	<u>166,030</u>	<u>88,678</u>	<u>762,597</u>	<u>(762,597)</u>	<u>254,708</u>
EXPENSES					
Wages and Fringe Benefits	67,379	18,940	627,909	-	714,228
Professional Services	664	578	405	-	1,647
Contractual Services	-	-	11,517	-	11,517
Vehicle Expense and Travel	3	801	2,734	-	3,538
Training	-	7,535	3,815	-	11,350
Supplies and Copy Costs	1,265	25	24,292	-	25,582
Insurance	246	-	-	-	246
Equipment Maintenance	209	-	24,536	-	24,745
Office Rent, Utilities, Space Costs and Support	18,563	9,453	45,163	(762,597)	(689,418)
Dues, Subscriptions and Memberships	38	-	432	-	470
Communication (Postage and Telephone)	213	61	20,586	-	20,860
Printed Forms and Advertising	230	194	1,208	-	1,632
Other Direct Client Support	77,145	76,708	-	-	153,853
Depreciation	-	86,382	-	-	86,382
Miscellaneous	75	250	-	-	325
Total Expenses	<u>166,030</u>	<u>200,927</u>	<u>762,597</u>	<u>(762,597)</u>	<u>366,957</u>
Change in Net Assets	-	(112,249)	-	-	(112,249)
NET ASSETS					
Beginning of Year	-	1,651,027	-	-	1,651,027
End of Year	<u>\$ -</u>	<u>\$ 1,538,778</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,538,778</u>

FEDERAL FINANCIAL REPORT

(Follow form instructions)

1. Federal Agency and Organizational Element to Which Report is Submitted HHS ADMINISTRATION FOR CHILDREN & FAMILIES	2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment) 05CH4092/47	Page of 1 pages
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3. Recipient Organization (Name and complete address including Zip code)
 LAKES & PINES COMMUNITY ACTION COUNCIL, INC 1700 MAPLE AVENUE EAST MORA MN 55051

4a. DUNS Number 74217639	4b. EIN 1410900982A1	5. Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment) A449G	6. Report Type <input type="checkbox"/> Quarterly <input type="checkbox"/> Semi-Annual <input type="checkbox"/> Annual <input checked="" type="checkbox"/> Final	7. Basis of Accounting <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual
-----------------------------	-------------------------	--	--	--

8. Project/Grant Period (Month, Day, Year) From: 08/01/2012 To: 07/31/2013	9. Reporting Period End Date (Month, Day, Year) 07/31/2013
---	---

10. Transactions Cumulative

(Use lines a-c for single or combined multiple grant reporting)

Federal Cash (To report multiple grants separately, also use FFR Attachment):

a. Cash Receipts	
b. Cash Disbursements	
c. Cash on Hand (line a minus b)	

(Use lines d-o for single grant reporting)

Federal Expenditures and Unobligated Balance:

d. Total Federal funds authorized	2,498,956
e. Federal share of expenditures	2,498,956
f. Federal share of unliquidated obligations	0
g. Total Federal share (sum of lines e and f)	2,498,956
h. Unobligated balance of Federal funds (line d minus g)	0

Recipient Share:

i. Total recipient share required	624,739
j. Recipient share of expenditures	624,739
k. Remaining recipient share to be provided (line i minus j)	0

Program Income:

l. Total Federal share of program income earned	0
m. Program income expended in accordance with the deduction alternative	0
n. Program income expended in accordance with the addition alternative	0
o. Unexpended program income (line l minus line m or line n)	0

11.	a. Type	b. Rate	c. Period From	Period To	d. Base	e. Amount Charged	f. Federal Share
Indirect Expense							
g. Totals:					0	0	0

12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation:
 Administration =12% Total \$375,074.29 Development = \$33,156.00 USDA Reimbursement=\$26,772.44

13. Certification: By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and intent set forth in the award documents. I am aware that any false, fictitious, or fraudulent information may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 18, Section 1001)

a. Typed or Printed Name and Title of Authorized Certifying Official Robert C. Benes Executive Director	c. Telephone (Area code, number, and extension) 320-679-1800x112 d. Email Address bobbb@lakesandpines.org
b. Signature of Authorized Certifying Official 	e. Date Report Submitted (Month, Day, Year) 10/24/2013 14. Agency use only:

COPY

Standard Form 425 - Revised 10/11/2011
 OMB Approval Number: 0348-0061
 Expiration Date: 2/28/2015

Paperwork Burden Statement
 According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is 0348-0061. Public reporting burden for this collection of information is estimated to average 1.5 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0061), Washington, DC 20503.

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2013

Federal Grantors/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
Federal Expenditures - Cash			
U.S. Department of Agriculture			
Pass-through from Minnesota Department of Education:			
Child Care Food Program 12/13	10.558	2MN300061	\$ 21,651
Child Care Food Program 13/14	10.558	2MN300061	3,645
Total U.S. Department of Agriculture			25,296
U.S. Department of Housing and Urban Development			
Direct:			
Emergency Shelter Grant Program 12/13	14.231	GRK%29708	77,408
Emergency Solutions Grant	14.231	GRK%50453	67,761
Emergency Solutions Grant - Rehousing	14.231	GRK%63507	7,562
Transitional Housing Grant	14.235	MN0252B5K051100	70,274
Total U.S. Department of Housing and Urban Development			223,005
U.S. Department of Revenue			
Direct:			
Volunteer Income Tax Assistance Grant	21.009	13VITA0132	10,400
U.S. Department of Energy:			
Pass-through from Minnesota Department of Commerce:			
Weatherization Assistance for Low Income Persons:			
ARRA DOE 10/12	81.042	B29132	7,893
DOE Weatherization 13/14	81.042	28601	282,538
Total U.S. Department of Energy			290,431
U.S. Department of Health and Human Services:			
Direct:			
Head Start 'U'	93.600	05CH 4092/47	2,141,986
Head Start 'V'	93.600	05CH 4092/48	337,290
Pass-through from Minnesota Department of Commerce:			
Low Income Home Energy Assistance:			
EAP/WX Carryover 2012	93.568	28601	379,623
EAP/WX Carryover 2013	93.568	28601	227,191
EAP 2013	93.568	52312	1,251,417
Pass-through from Minnesota Department of Health and Human Services:			
CSBG 2012-2014	93.569	GRK%31954	292,230
Total U.S. Department of Health and Human Services			4,629,737
U.S. Department of Homeland Security:			
Pass-through from Chisago County:			
Emergency Food and Shelter	97.024	30-4922-00	101
Pass-through from Isanti County:			
Emergency Food and Shelter	97.024	30-4966-00	95
Pass-through from Kanabec County:			
Emergency Food and Shelter	97.024	30-4972-00	78
Total U.S. Department of Homeland Security			274
Total Federal Expenditures - Cash			5,179,143
Federal Expenditures - Noncash			
Head Start 'U'	93.600	05CH 4092/47	624,739
Total Federal Awards			\$5,803,882

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

September 30, 2013

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Council and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB *Circular A-133, Audits of States, Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Noncash expenditures of federal awards include amounts estimated for donated facility space of \$ 8,105, donated transportation of \$ 6,364, donated supplies of \$ 4,626 and volunteer services of \$ 605,644.

NOTE 2 – SUB GRANTEES

Of the federal expenditures presented in the schedule, the Council provided federal awards to sub grantees as follows:

<u>Program Title/Sub Grantees</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Sub Grantees</u>
Emergency Shelter Program:		
A Place For You Inc	14.231	\$ 51,117
Emergency Solutions Re-Housing Program:		
New Pathways Inc	14.231	3,390
A Place For You Inc	14.231	1,792



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**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**

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lakes and Pines Community Action
Council, Inc.
Mora, Minnesota

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 Lakes and Pines Community Action Council, Inc., as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Council's financial statements, and have issued our report thereon dated January 27, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council'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 Council'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 the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Council'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 Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kern, DeWenter, Viere, Ltd.

KERN, DEWENTER, VIERE, LTD.

St. Cloud, Minnesota

January 27, 2014



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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
AND ON INTERNAL CONTROL OVER COMPLIANCE; REQUIRED BY
OMB CIRCULAR A-133**

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lakes and Pines Community Action
Council, Inc.
Mora, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Lakes and Pines Community Action Council, Inc.'s 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 Council's major federal programs for the year ended September 30, 2013. The Council's major federal programs are identified in the summary of the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Council'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 OMB *Circular A-133*, Audits of States, Local Governments, and Non-Profit Organizations. 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 Council'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 legal determination of the Council's compliance.

Opinion on Each Major Federal Program

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.



Report on Internal Control Over Compliance

Management of the Council 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 Council'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 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 Council's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB *Circular A-133*. Accordingly, this report is not suitable for any other purpose.

Kern, DeWenter, Viere, Ltd.

KERN, DEWENTER, VIERE, LTD.

St. Cloud, Minnesota

January 27, 2014

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
IN ACCORDANCE WITH OMB *CIRCULAR A-133*
September 30, 2013**

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?	No
• Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Major weakness(es) identified?	No
• Significant deficiency(ies) identified?	No
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 section 510(a) of OMB <i>Circular A-133</i> ?	No

Identification of Major Programs

CFDA No.:	14.231
Name of Federal Program	Emergency Solutions Grant Program
CFDA No.:	93.568
Name of Federal Program	Low Income Home Energy Assistance
CFDA No.:	93.600
Name of Federal Program	Head Start
Dollar threshold used to distinguish between type A and type B programs?	\$ 300,000
Auditee qualified as low risk auditee?	No

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
IN ACCORDANCE WITH OMB CIRCULAR A-133
September 30, 2013**

SECTION II – FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Current Year

There were no financial statement findings.

Prior Year

Audit Finding 11-02 – Lack of Segregation of Accounting Duties

Criteria or Specific Requirement:

Internal control that supports the Council's ability to initiate, authorize, record, process or report financial data consistent with the assertions of management in the financial statements requires adequate segregation of accounting duties.

Condition:

The Council does not have adequate segregation of accounting duties.

Questioned Costs:

None

Context:

This finding impacts the internal control for all significant accounting functions.

Effect:

The lack of adequate segregation of accounting duties could adversely affect the Council's ability to initiate, authorize, record, process and report financial data consistent with the assertions of management in the financial statements.

Cause:

There are a limited number of office employees.

Recommendation:

Perform a review of the accounting system, including changes that may occur. Implement all segregation recommendations to adequately segregate all accounting duties.

Management's Response:

Management will continue to assess accounting duties performed and implement segregation whenever practical and cost effective.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Current Year and Prior Year

There were no findings and no questioned costs.