

EXHIBIT A TO  
AFFIDAVIT OF JANET STREFF

## WEATHERIZATION PROGRAM YEAR 2014

## Notice of Funds Available

NOTE: Actual contract period does not start until contract is fully executed and NFA is released.

Contract Period: July 1, 2014 - June 30, 2015

NFA PY14 # 02

SWIFT Agreement No. 79675

Minnesota Department of Commerce  
85 7th Place East, Suite 500  
St. Paul, MN 55101-2198

GRANTEE: Community Action of Minneapolis  
505 East Grant Street, Suite 100  
Minneapolis, MN 55404-9906

Vendor ID: 0000210572

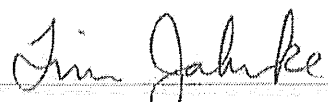
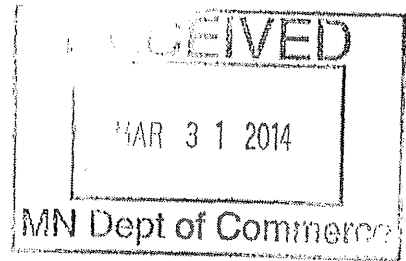
Funding Source	Funding End Date	Prior Level	Change	New Level
<hr/>				
<u>EAPWX A2104</u>	01/15/2015*			CFDA # 93.568
(e)HEAT = EAPWXC02)				
Program		\$452,342	(\$56,819)	\$395,523
Administration		\$42,437	(\$8,842)	\$33,595
	Total:	\$494,779	(\$65,661)	\$429,118
<hr/>				
<u>EAPWX A2105***</u>	9/30/2015**			CFDA # 93.568
(e)HEAT = EAPWXC02)				
Program		\$0	\$0	\$0
Administration		\$0	\$0	\$0
	Total:	\$0	\$0	\$0
<hr/>				
<u>WAP DOE A2500</u>	6/30/2015			CFDA # 81.042
Program		\$704,042	\$0	\$704,042
T/TA		\$31,137	\$0	\$31,137
Administration		\$61,697	\$0	\$61,697
	Total:	\$796,876	\$0	\$796,876
<hr/>				
<u>PROPANE A2501</u>	6/30/2015			State Funds
Program		\$0	\$0	\$0
Administration		\$0	\$0	\$0
	Total:	\$0	\$0	\$0
<hr/>				
<u>STATE WAP A2001</u>	6/30/2015			State Funds
Program		\$0	\$0	\$0
T/TA		\$8,780	(\$129)	\$8,651
Administration		\$0	\$0	\$0
	Total:	\$8,780	(\$129)	\$8,651
<hr/>				
<u>Renewable Energy Equipment Grant Program</u>	6/30/2015	\$27,602	\$16,600	State Funds \$44,202
(e)HEAT = WAP OIL)				
Total Contract - All Sources:		\$1,328,037	(\$49,190)	\$1,278,847
<hr/>				
NOTES & SIGNATURE				
Notes:				
* EAPWX A2104: Award ends 01/15/15. Funds have to be completely spent by this due date.				
** EAPWX A2105: Program contract ends 6/30/15. No more than 25% of total allocation will be allowed as carry forward, with a fully executed PY15 contract.				
*** EAPWX A2105: Funds will not be released until A2104 funds have been spent down by at least 80%.				
<hr/>				
Approved by			Date	9/15/14
<hr/>				
If you have any questions concerning this NFA, please contact: weatherization.commerce@state.mn.us				

EXHIBIT B TO  
AFFIDAVIT OF JANET STREFF



**Community Action of  
Minneapolis, Inc.**

Minneapolis, Minnesota

Financial Statements and Supplementary Information

Year Ended June 30, 2013

# Community Action of Minneapolis, Inc.

## Financial Statements and Supplementary Information

Year Ended June 30, 2013

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## **Independent Auditor's Report**

Board of Directors  
Community Action of Minneapolis, Inc.  
Minneapolis, Minnesota

### **Report on Financial Statements**

We have audited the accompanying financial statements of Community Action of Minneapolis, Inc., which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Action of Minneapolis, Inc. as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

## Other Matters

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards and Other Financial Assistance which is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit 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 additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2014, on our consideration of Community Action of Minneapolis, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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* in considering Community Action of Minneapolis, Inc.'s internal control over financial reporting and compliance.

*Wipfli LLP*

Wipfli LLP

March 11, 2014  
Madison, Wisconsin

# Community Action of Minneapolis, Inc.

## Statement of Financial Position June 30, 2013

<i>Assets</i>	
Current assets:	
Cash	\$ 1,236,726
Restricted cash	21,486
Grants receivable	212,465
Accounts receivable	191,122
Other assets	862
Total current assets	1,662,661
Notes receivable, employees	30,254
Property and equipment, net	93,664
<b>TOTAL ASSETS</b>	<b>\$ 1,786,579</b>
<i>Liabilities and Net Assets</i>	
Current liabilities:	
Accounts payable/program liabilities	\$ 99,630
Accrued payroll and related expenses	146,917
Due to CAMIS	21,486
Total current liabilities	268,033
Long-term liabilities:	
Deferred compensation	264,358
Total liabilities	532,391
Net assets:	
Unrestricted - Invested in grant-funded equipment	89,100
Unrestricted	1,082,945
Total unrestricted net assets	1,172,045
Temporarily restricted - Reach Out for Warmth	31,830
Temporarily restricted - Weatherization	50,313
Total temporarily restricted net assets	82,143
Total net assets	1,254,188
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,786,579</b>



# Community Action of Minneapolis, Inc.

## Statement of Activities

Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Total
Revenue:			
Grant revenue	\$ 4,908,687	\$ 0	\$ 4,908,687
Contract revenue	1,872,204	0	1,872,204
Other income	32,928	0	32,928
Net assets released from restriction through satisfaction of program restrictions	46,839	( 46,839)	0
Total revenue	6,860,658	( 46,839)	6,813,819
Expenses:			
Program activities:			
Salaries and wages	2,231,861	0	2,231,861
Fringe benefits	512,521	0	512,521
Contracted services	133,484	0	133,484
Staff development and training	28,319	0	28,319
Space costs	332,586	0	332,586
Equipment rentals and minor purchases	19,666	0	19,666
Supplies	52,414	0	52,414
Depreciation	17,576	0	17,576
Community program costs	3,397,519	0	3,397,519
Other costs	135,461	0	135,461
Total program activities	6,861,407	0	6,861,407
Management and general	421,683	0	421,683
Fund-raising	6,262	0	6,262
Total expenses	7,289,352	0	7,289,352
Change in net assets	( 428,694)	( 46,839)	( 475,533)
Net assets at beginning of the year	1,600,739	128,982	1,729,721
Net assets at end of the year	\$ 1,172,045	\$ 82,143	\$ 1,254,188

# Community Action of Minneapolis, Inc.

## Statement of Cash Flows Year Ended June 30, 2013

Increase (decrease) in cash:	
Cash flows from operating activities:	
Change in net assets	(\$ 475,533)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	17,576
Changes in operating assets and liabilities:	
Restricted cash	9,698
Grants receivable	279,728
Accounts receivable	201,395
Other assets	229
Accounts payable	( 445,919)
Accrued payroll and related expenses	( 32,098)
Due to CAMIS	( 9,698)
Net cash used in operating activities	( 454,622)
Cash flows from investing activities:	
Issuance of notes receivable	( 15,018)
Collections on notes receivable	11,786
Net cash used in investing activities	( 3,232)
Change in cash	( 457,854)
Cash - Beginning of year	1,694,580
Cash - End of year	\$ 1,236,726

# Community Action of Minneapolis, Inc.

## Notes to Financial Statements

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### Note 1      Summary of Significant Accounting Policies

#### Nature of Activities

Community Action of Minneapolis, Inc. (the "Organization") develops and provides resources for assisting low-income individuals in Minneapolis, Minnesota, through a variety of programs, including:

**Energy Programs:**

- Energy assistance for heating bills
- Weatherization to improve energy efficiency
- Home electric savings program for conservation education

**Children and Families Development Programs:**

- Advocacy regarding housing and self-sufficiency
- Family assets for independence - building program
- Self-sufficiency support for women and families
- Youth development job readiness and training

The Organization is primarily supported through federal and state government grants. The Organization received approximately 19% of its total revenue for the year ended June 30, 2013, from the U.S. Department of Energy for the weatherization program and approximately 30% from the U.S. Department of Health and Human Services for the energy assistance program.

#### Basis of Presentation

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

#### Classification of Net Assets

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

**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 statement of activities as net assets released from restrictions.

# Community Action of Minneapolis, Inc.

## Notes to Financial Statements

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### **Note 1      Summary of Significant Accounting Policies (Continued)**

#### **Classification of Net Assets (Continued)**

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. Currently, the Organization does not have permanently restricted net assets.

#### **Use of Estimates**

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

#### **Accounts Receivable**

Accounts receivable consist primarily of performance contract reimbursements. Management has determined that no allowance for uncollectible receivables is required based on history and experience with these organizations.

#### **Property and Equipment**

Property and equipment acquisitions are recorded at cost or, if donated, at fair value at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Property and equipment are items with a cost of \$5,000 or more and a useful life of over one year. The net book value of property and equipment purchased with grant funds as of June 30, 2013 was \$89,100.

Property and equipment acquired with grant funds are owned by the Organization while used in the programs for which they were purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in assets purchased with grant funds. Their disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations.

#### **Restricted Cash/Due to CAMIS**

The Organization acts as the fiscal agent for the Community Action Management Information System (CAMIS). Restricted cash and due to CAMIS are funds held by the Organization for the other nonprofit organizations.

# Community Action of Minneapolis, Inc.

## Notes to Financial Statements

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### **Note 1      Summary of Significant Accounting Policies (Continued)**

#### **Revenue Recognition**

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Contributions received are reported 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 statement of activities as contributions 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 are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

#### **A.      Grant Awards that are Contributions**

Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses or asset acquisition is incurred. Amounts received in excess of expenses or asset acquisitions are reflected as grant funds received in advance.

#### **B.      Grant Awards that are Exchange Transactions**

Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

#### **Income Taxes**

The Organization is a tax-exempt corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the code. The organization is also exempt from state income taxes on the related income.

The Organization is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. The Organization has determined there are no amounts to record as assets or liabilities related to uncertain tax positions. Federal returns for the fiscal years ended June 30, 2010, and beyond remain subject to examination by the Internal Revenue Service.

# Community Action of Minneapolis, Inc.

## Notes to Financial Statements

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### Note 1 Summary of Significant Accounting Policies (Continued)

#### Cost Allocation

Direct costs are charged directly to the programs they benefit. Joint costs are those costs incurred for the common benefit of all organization programs, which cannot be readily identified with a final cost objective. Joint costs are allocated to benefiting programs, primarily the Community Services Block Grant (CSBG) and Energy programs, using various allocation methods depending on the type of joint cost being allocated.

#### Subsequent Events

Subsequent events have been evaluated through March 11, 2014, which is the date the financial statements were available to be issued.

### Note 2 Concentration of Credit Risk

The Organization maintains cash balances at several banks. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. Cash balances in excess of \$115,000 at one bank are swept daily into repurchase agreements. The repurchase agreement is invested in U.S. Government obligations. At June 30, 2013, the amount in the repurchase agreement was \$1,125,905. During the year, bank balances may exceed FDIC coverage. Management believes these financial institutions have a strong credit rating and credit risks related to these deposits are minimal.

### Note 3 Notes Receivable, Employees

The Organization has notes receivable agreements as follows:

Loan with a key employee. The agreement provides for the repayment of the loan in monthly payments of \$850 at 0.91% interest until the loan is repaid, on or before January 2015.

\$ 17,710

Loan with an employee. The agreement provides for the repayment of the loan in biweekly payments of \$212 at 3.75% interest until the loan is repaid, on or before December 2015.

12,544

Total notes receivable

\$ 30,254

# Community Action of Minneapolis, Inc.

## Notes to Financial Statements

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### Note 4 Property and Equipment

Property and equipment consisted of the following at June 30, 2013:

Building and building improvements	\$ 302,000
Vehicles	111,979
Furniture and office equipment	617,495
Total property and equipment	1,031,474
Accumulated depreciation	( 937,810)
Property and equipment, net	\$ 93,664

### Note 5 Retirement Plans

The Organization has a membership in Public Employees Retirement Association (PERA). PERA is available to all the Organization's employees upon inception of employment with the Organization. PERA determines the amount of employer and employee contributions. During the current year, the contribution rate was 7.25%. Retirement benefits are fully vested after three years of employment; however, total years of employment and employee age at retirement determine whether benefits will be full or reduced. The Organization's contributions for the year ended June 30, 2013, were \$140,517.

In addition to PERA, the Organization has a nonqualified deferred contribution plan, which is available to eligible employees. The pension plan was created in accordance with Internal Revenue Code, Section 457. The plan permits employees to defer a portion of their current earnings and allows the employer to contribute an amount on behalf of eligible employees. The plan assets are held in trust for the exclusive benefit of participating employees and are not available to creditors. The pension plan assets are the property of the covered employees and; therefore, are not included in these financial statements. The Organization did not contribute to the plan in the year ended June 30, 2013.

### Note 6 Deferred Compensation

The Organization has an employment agreement with a key employee. The agreement provides for payment upon employment separation of one month salary per year of tenure, up to eighteen months maximum. The deferred compensation at June 30, 2013, was \$264,358. The compensation expense for the year ended June 30, 2013, was \$0.

# Community Action of Minneapolis, Inc.

## Notes to Financial Statements

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### Note 7 Operating Leases

The Organization has entered into various operating lease agreements for facilities with unrelated parties. Rental expense totaled \$167,019 for the year ended June 30, 2013. The future minimum lease obligations under these leases are as follows:

2014	\$	137,492
2015		60,481
2016		23,025
2017		7,675
Total		\$ 228,673

### Note 8 Functional Classification of Expenses

The following program and supporting services are reflected in the statement of activities for the year ended June 30, 2013:

Federal and state programs:

Energy programs	\$	5,654,488
Children and families development programs		1,206,919
Total program activities		6,861,407
Management and general		421,683
Fund-raising		6,262
Total expenses	\$	7,289,352

### Note 9 Grant Awards

At June 30, 2013, the Organization had commitments under various grants of approximately \$541,000. These commitments are not recognized in the accompanying financial statements as they are conditional awards.

### Note 10 Program Operations

The Organization has a grant with the State of Minnesota, Department of Commerce for outreach, intake, eligibility, and certification of LIHEAP-eligible participants. Client benefits for LIHEAP-eligible participants are subsequently paid directly by the State of Minnesota. Client benefits in the amount of \$5,930,085 paid by the state to clients, certified eligible by the Organization, are not included in the statement of activities as they were not part of the grant award.



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## **Supplementary Information**

# Community Action of Minneapolis, Inc.

Schedule A-1

Schedule of Expenditures of Federal Awards and Other Financial Assistance

Year Ended June 30, 2013

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount	Current Expenses		
						Grant	Other	Total
ASSISTANCE PROGRAMS AS IDENTIFIED IN THE CATALOG OF FEDERAL DOMESTIC ASSISTANCE								
U.S. Department of Agriculture								
10.551	GRK%54525	SNAP 2013	Minnesota Department of Human Services	10/01/12-09/30/13	\$ 29,129	\$ 11,801	\$ 0	\$ 11,801
U.S. Department of Energy								
81.042	28510/1553	DOE/WX	Minnesota Department of Commerce	07/01/12-06/30/13	769,379	389,394	264	389,658
81.042-ARRA	B29121/1653	ARRA DOE	Minnesota Department of Commerce	07/01/09-09/15/13	16,790,830	874,438	66,498	940,936
Subtotal 81.042 & 81.042-ARRA						1,263,832	66,762	1,330,594
U.S. Department of Health and Human Services								
93.568	N/A	Energy Assistance - Participant Payments	Minnesota Department of Commerce	07/01/12-06/30/13	N/A	5,930,085	0	5,930,085
93.568	30624/1563	Energy Assistance	Minnesota Department of Commerce	10/01/11-09/30/12	2,907,107	129,479	31,901	161,380
93.568	52297/1563	Energy Assistance	Minnesota Department of Commerce	10/01/12-09/30/13	1,759,281	1,415,957	2,550	1,418,507
93.568	28510/1564	EAP/WX Carryover FFY 11	Minnesota Department of Commerce	07/01/12-12/23/12	361,017	220,490	0	220,490
93.568	28510/1564	EAP/WX Carryover FFY 12	Minnesota Department of Commerce	07/01/12-06/30/13	1,254,719	244,065	0	244,065
Subtotal 93.568						7,940,076	34,451	7,974,527
93.569	31927	Community Services Block Grant 2012	Minnesota Department of Human Services	10/01/11-09/30/13	1,011,412	781,472	0	781,472
93.569	31927	Community Services Block Grant 2013	Minnesota Department of Human Services	10/01/12-06/30/14	449,992	342,872	0	342,872
Subtotal 93.569						1,124,344	0	1,124,344
Total Federal Programs						10,340,053	101,213	10,441,266

See Independent Auditor's Report.

# Community Action of Minneapolis, Inc.

## Schedule A-2

### Schedule of Expenditures of Federal Awards and Other Financial Assistance

Year Ended June 30, 2013

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount	Current Expenses		
						Grant	Other	Total
STATE AND LOCAL PROGRAMS								
N/A	31927	Community Action	Minnesota Department of Human Services	07/01/12-06/30/13	498,719	498,719	0	498,719
N/A	N/A	Reach Out for Warmth Private	Donations	Ongoing	N/A	0	38,360	38,360
		Total State and Local Programs				498,719	38,360	537,079
		Total Federal and Other Financial Assistance				10,838,772	139,573	10,978,345
DISCRETIONARY ACTIVITIES								
N/A	N/A	Low-Income Weatherization Services Agreement	Center Point Energy/Minneagasco	01/01/12-12/31/13	N/A	0	1,023,383	1,023,383
N/A	N/A	Low-Income Weatherization Services Agreement	Minnesota Energy Resources Corporation	01/01/11-12/31/13	N/A	0	221,686	221,686
N/A	N/A	XCEL - HESP	Xcel Energy	01/01/10-12/31/13	N/A	0	826,008	826,008
N/A	N/A	CAM Corp. Activities	Interest and Miscellaneous	07/01/12-06/30/13	N/A	0	170,015	170,015
		Total Discretionary Activities				0	2,241,092	2,241,092
		TOTAL AMOUNT				\$ 10,838,772	\$ 2,380,665	\$ 13,219,437

#### Notes to the Schedule of Expenditures of Federal Awards and Other Financial Assistance

##### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards and other financial assistance (the "Schedule") includes the federal grant activity of Community Action of Minneapolis, Inc. under programs of the federal government for the year ended June 30, 2013. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Community Action of Minneapolis, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Community Action of Minneapolis, Inc.

##### Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

##### Note 3 - Program Operations

Included in CFDA #93.568 are client benefits paid by the State of Minnesota of \$5,930,085. These expenditures are not included in the statement of activities.

See Independent Auditor's Report.



## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters**

Board of Directors  
Community Action of Minneapolis, Inc.  
Minneapolis, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States 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 Community Action of Minneapolis, Inc. which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 11, 2014.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Community Action of Minneapolis, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Action of Minneapolis, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Community Action of Minneapolis, Inc.'s internal control.

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

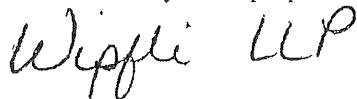
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did 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 Community Action of Minneapolis, Inc.'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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

March 11, 2014  
Madison, Wisconsin



## **Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance**

Board of Directors  
Community Action of Minneapolis, Inc.  
Minneapolis, Minnesota

### **Report on Compliance for Each Major Federal Program**

We have audited Community Action of Minneapolis, Inc.'s compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013. Community Action of Minneapolis, Inc.'s major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management of Community Action of Minneapolis, Inc. 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 Community Action of Minneapolis, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; 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 Community Action of Minneapolis, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide legal determination of Community Action of Minneapolis, Inc.'s compliance.

## Opinion on Each Major Federal Program

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

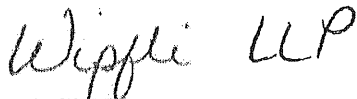
## Report on Internal Control Over Compliance

Management of Community Action of Minneapolis, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Community Action of Minneapolis, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a 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 over compliance. Accordingly, we do not express an opinion on the effectiveness of Community Action of Minneapolis, Inc.'s internal control over compliance.

A deficiency in internal control 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 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.

  
Wipfli LLP

March 11, 2014  
Madison, Wisconsin

# Community Action of Minneapolis, Inc.

## Schedule of Findings and Questioned Costs

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### A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statements of Community Action of Minneapolis, Inc.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters.
3. No instances of noncompliance material to the financial statements of Community Action of Minneapolis, Inc. were disclosed during the audit.
4. No significant deficiencies were disclosed during the audit of the major federal award programs as reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance.
5. The auditor's report on compliance for the major federal award programs for Community Action of Minneapolis, Inc. expresses an unmodified opinion.
6. There were no audit findings relative to the major federal award programs for Community Action of Minneapolis, Inc.
7. The programs tested as major programs were:
  - U.S. Department of Energy
    - Weatherization, CFDA #81.042 and #81.042-ARRA
  - U.S. Department of Health and Human Services
    - Low-Income Home Energy Assistance, CFDA #93.568
8. The threshold for distinguishing Types A and B programs was \$310,202
9. Community Action of Minneapolis, Inc. was determined to be a low-risk auditee.

### B. Findings – Financial Statements Audit

None

### C. Findings and Questioned Costs – Major Federal Award Programs Audit

Findings: None

Questioned Cost: None



# Community Action of Minneapolis, Inc.

## Schedule of Findings and Questioned Costs

### D. Status of Prior Year Findings

Questioned Cost: None

#### Finding:

#### ELIGIBILITY AND LEVEL OF ASSISTANCE DETERMINATION ERRORS (063012-01)

<u>Grant</u>	<u>Funding Source</u>	<u>Grant Period</u>
CFDA #93.568 Energy Assistance - Participant Payments	Minnesota Department of Commerce	07/01/11-06/30/12
Energy Assistance #B46865/1563	Minnesota Department of Commerce	10/01/10-09/30/11
Energy Assistance #30624/1563	Minnesota Department of Commerce	10/01/11-09/30/12
EAP/WX Carryover FFY 11 #28510/1564	Minnesota Department of Commerce	07/22/11-06/30/12
EAP/WX Disaster #28510	Minnesota Department of Commerce	07/22/11-06/30/12

#### Condition

Under LIHEAP regulations (42 USC 8624), Grantees may provide assistance to: (a) households in which one or more individuals are receiving Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), Supplemental Nutrition Assistance Program (SNAP) benefits, or certain needs-tested veterans benefits; or (b) households with incomes which do not exceed the greater of 150 percent of the State's established poverty level, or 60 percent of the State median income. Grantees may give priority to those households with the highest home energy costs or needs in relation to income.

During our audit, we noted that some files were missing eligibility worksheets and some eligibility worksheets were missing proper signatures. In addition, the State of MN, monitored Community Action of Minneapolis, Inc. during the fiscal year and the State noted errors in income calculations that affected the level of benefits provided to clients, clerical errors on eHeat entries, and crisis emergency benefits were provided to households that were either ineligible to receive crisis funds or received more crisis funding than they were eligible for.

Community Action of Minneapolis, Inc. is working with the State to clear all monitoring issues.

# Community Action of Minneapolis, Inc.

## Schedule of Findings and Questioned Costs

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### D. Prior Year Findings (Continued)

#### Criteria

Procedures should be in place to assure compliance with LIHEAP requirements.

#### Effect

Because of the missing or incomplete eligibility worksheets noted in our audit and the State monitoring issues of incorrect benefit calculations and crisis emergency benefits to ineligible participants and the over payment of crisis funding to eligible participants, Community Action of Minneapolis, Inc. is not in compliance with LIHEAP regulations. However, we do not consider this to be a material non-compliance as Community Action of Minneapolis, Inc. is working with the State to correct the issues identified during the monitoring of the program.

#### Recommendation

We recommend Community Action of Minneapolis, Inc. establish procedures to assure compliance with LIHEAP requirements and to continue to work with the State on issues brought up during their monitoring visit.

#### Management Response

Community Action of Minneapolis' (CA MPLS) management recognizes the importance of internal controls and improving our internal controls in order to provide efficient services. One important internal control that has been re-established is the segregation of duties for the assurance of compliance with LIHEAP requirements.

A Corrective Action Response was developed and submitted to the DOC-EAP office in response to the monitoring report. This corrective action response is currently being implemented by CA MPLS. In July of 2012, key CA MPLS met with key DOC-EAP staff to brainstorm alternative ways of providing LIHEAP services that would comply with regulations. As a result of this meeting, the entire application process was redesigned to arrange for segregation of duties. An additional compliance review procedure has been integrated in to the process.

We have also established additional supervisor reviews for applications being processed to ensure all information is accurate and complete with no significant omissions as well as to monitor appropriate and correct benefits are being applied to customers' accounts. This also includes an additional review of 10% of all files that have been selected to be paid. This helps us to understand where weaknesses are in our processes and take corrective measures quickly.

# Community Action of Minneapolis, Inc.

## Schedule of Findings and Questioned Costs

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### C. Prior Year Findings (Continued)

#### Management Response (Continued)

A team of CA MPLS staff continues to meet with DOC-EAP staff on a regular basis to monitor the implementation of the corrective action plan as well as to brainstorm strategies to meet all necessary requirements. CA MPLS also provides DOC-EAP staff with a monthly report that charts progress on the corrective action plan.

Name of Contact Person Responsible  
for Corrective Action:

William J. Davis

Anticipated Completion Date:

May 15, 2013

#### Resolution of Prior Year Finding

During our current audit, we noted the additional reviews implemented by CA MPLS. In addition, during our review of files in the current year audit, the files tested contained an eligibility worksheet and the appropriate signatures.