

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.
MORA, MINNESOTA
Federal ID #41-0900982
FINANCIAL STATEMENTS
with
INDEPENDENT AUDITORS' REPORT
As of September 30, 2010

HUGH HEINECKE, CPA
Certified Public Accountants

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.
MORA, MINNESOTA

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LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.
MORA, MINNESOTA

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LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.
MORA, MINNESOTA

ORGANIZATION
September 30, 2010

OFFICERS

Elizabeth Dodge	Chairperson
Paul Bailey	1st Vice Chair
Duane Droge	2nd Vice Chair
Lilly Turner	Secretary
Scott TenNapel	Treasurer

EXECUTIVE COMMITTEE MEMBERSHIP

Elizabeth Dodge	Chairperson
Lilly Turner	Secretary
Scott TenNapel	Treasurer
Duane Droge	Low Income Sector
Liane Heupel	Low Income Sector
Mary Oja	Private Sector
Paul Bailey	Public Sector

PLANNING & EVALUATION COMMITTEE MEMBERSHIP

Elizabeth Dodge	Ex-officio Member
Liane Heupel	Low Income Sector
Lilly Turner	Low Income Sector
Wayne Boettcher	Private Sector
Kathy Krenik-Minkler	Private Sector
Mike Robinson	Public Sector
Kim Smith	Public Sector

AGENCY EXECUTIVE DIRECTOR

Robert Benes

DEPARTMENT DIRECTORS

Amanda Wall	Rebecca Hanson	Leona Dressel
Richard Fuchs	Scott McKinney	Kelly Manley

Hugh Heinecke, CPA
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors

**Lakes and Pines Community Action Council, Inc.
Mora, Minnesota**

We have audited the accompanying statement of financial position of Lakes and Pines Community Action Council, Inc. (a nonprofit organization) as of September 30, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred above present fairly, in all material respects, the financial position of Lakes and Pines Community Action Council, Inc. as of September 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2011, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Lakes and Pines Community Action Council, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards and list of programs, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the accompanying supplementary information, as listed in the foregoing Table of Contents, are presented for purposes of additional analysis, and are not a required part of the basic financial statements. Such information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, based on our audit, the information in these schedules is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Hugh Heinecke, CPA

January 20, 2011

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.
MORA, MINNESOTA

STATEMENT OF FINANCIAL POSITION
As of September 30, 2010

ASSETS

Current Assets

Cash and certificates of deposit	\$ 1,933,831
Accounts receivable	24,542
Interest receivable	1,565
Grants receivable	6,199,137
Prepaid insurance	<u>48,304</u>

Total Current Assets 8,207,379

Property and Equipment, net of depreciation 420,896

Total Assets \$ 8,628,275

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 233,816
Accrued payroll and related expenses	513,677
Unapplied grant funds	<u>6,023,430</u>

Total Current Liabilities 6,770,923

Net Assets

Investment in Property and Equipment	420,896
Unrestricted, designated	289,496
Unrestricted, undesignated	<u>1,146,960</u>

Total Net Assets 1,857,352

Total Liabilities and Net Assets \$ 8,628,275

See accompanying notes to financial statements.

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.
MORA, MINNESOTA

STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2010

	<u>Unrestricted</u>
Revenues	
Grant revenue	\$ 17,532,218
Interest income	22,508
Program revenue	418,923
Other revenue	-
Total Revenues	<u>17,973,649</u>
Program Activities	
Early childhood	3,256,979
Energy assistance	9,385,730
Weatherization	3,317,500
Housing rehab	309,732
Community services	527,606
Other program activities	<u>553,052</u>
Total Program Expenses	<u>17,350,599</u>
Support Services	
Corporate management activities	663,585
Fundraising activities	<u>14,508</u>
Total Support Expenses	<u>678,093</u>
Total Expenses	<u>18,028,692</u>
Change in Net Assets	(55,043)
Net Assets - Beginning	<u>1,912,395</u>
Net Assets - Ending	<u>\$ 1,857,352</u>

See accompanying notes to financial statements.

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.
MORA, MINNESOTA

STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2010

Net Cash Flows From Operating Activities:

Change in net assets	\$ (55,043)
Adjustment to reconcile net income to net cash from operations:	
Depreciation	103,729
Decrease/(increase) in:	
Grants receivable	1,170,046
Other receivables	93,556
Prepaid expenses	(22,728)
Increase/(decrease) in:	
Accounts payable	158,355
Accrued payroll liabilities	60,108
Unapplied grant funds	<u>(1,222,630)</u>
Net Cash Used by Operations	<u>285,393</u>
Cash Flows From Investing Activities:	
Purchase of fixed assets	<u>(75,176)</u>
Net Increase in Cash	210,217
Cash - Beginning of Year	<u>1,723,614</u>
Cash - End of Year	<u>\$ 1,933,831</u>

Supplemental Information:

Interest paid	\$ <u> -</u>
Income tax paid	\$ <u> -</u>

See accompanying notes to financial statements.

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.
MORA, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
As of September 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. **Organizational Structure and Scope** - Lakes and Pines Community Action Council, Inc. was incorporated in 1965. The mission of the Council is to seek and use whatever expertise and resources are available to facilitate the upward educational and economic movement of those families and individuals experiencing poverty in Aitkin, Carlton, Chisago, Isanti, Kanabec, Mille Lacs, and Pine Counties of Minnesota. The resources provided are primarily through grants from the Minnesota Department of Human Services, Minnesota Department of Education, Minnesota Department of Commerce, Minnesota Department of Employment and Economic Development, U.S. Department of Health and Human Services, Minnesota Housing Finance Agency, and Small Cities Development Block Grant funding.

B. **Basis of Presentation** - The basic financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

C. **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 Council 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 Council and/or 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. Currently, the Council does not have any temporarily restricted assets.

Permanently Restricted Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Council. Generally, the donors of these assets permit the Council to use all or part of the income earned on any related investments for general or specific purposes. Currently, the Council does not have any permanently restricted assets.

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

E. **Revenue Recognition** - Contributions are recognized when the donor makes a promise to give to the Council that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

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

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.
MORA, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
As of September 30, 2010

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

E. **Revenue Recognition** (Continued)

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

1. **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 are incurred. Amounts received in excess of expenses are reflected as grant funds received in advance.

2. **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.

F. **Property and Equipment** – Property and equipment are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful life of the asset. The Council capitalizes property and equipment with a value greater than or equal to \$2,400 and a useful life of greater than one year.

Property and equipment purchased with grant funds are owned by the Council while used in the program for which it was purchased or in future authorized programs. However, the various funding sources have a revisionary interest in the property and equipment purchased with the grant funds. It's disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. The property and equipment purchased with grant funds are normally restricted for use in the specific programs operated by the Council. The net book value of grant funded property and equipment included on the statement of financial position is \$72,177 at September 30, 2010.

G. **In-Kind Contributions** – Financial Accounting Standards No. 116 (FAS 116), *Accounting for Contributions Received and Contributions Made*, requires that only contributions of services received that create or enhance a nonfinancial asset or require specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. The requirements of FAS 116 are different than the in-kind requirements of the Council's grant awards. The Council received contributions of nonprofessional volunteers during the year with a value of \$653,876 for its Head Start program which are not recorded in the statement of activities.

F. **Income Taxes** - Lakes and Pines Community Action Council, Inc. is a private non-profit organization and is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from Minnesota franchise or income tax. The Council is not considered to be a private foundation as classified by the Internal Revenue Service.

The Council has not been audited by the Internal Revenue Service or Minnesota Revenue, and accordingly the income tax returns for the past three and one-half years are open to examination.

E. **Cost Allocation** - Cost allocation methods are reviewed and amended on an annual basis. Purchases that benefit more than one program are allocated to the respective programs by the most equitable method. Basis of allocation methods includes number of employees, space allocation, history of employee hours and other select criteria. Costs that are attributable to a specific program are charged directly to the program.

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

**NOTES TO FINANCIAL STATEMENTS
As of September 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Principles of Consolidation - The combined financial statements include the accounts of the Federal Catalogue of Domestic Assistance #10.558, #14.231, #14.257, #81.042, #93.568, #93.569, #93.600, #93.708, #93.710, #97.024, #97.114 and State of Minnesota MN CAG and Head Start. All significant interprogram accounts and transactions have been eliminated for financial statement purposes.

G. Unapplied Grant Funds - Unapplied grant funds consists of grant funds that have been awarded to the Council, but not expended. This includes funds that have been awarded to the Council but not yet received by the Council.

H. Subsequent Events - In preparing these financial statements, the Council has evaluated events and transactions for potential recognition or disclosure through January 20, 2011, the date the financial statements were available to be issued.

2. CONCENTRATIONS OF CREDIT RISK

The Council maintains cash balances at several financial institutions. The Federal Deposit Insurance Corporation (FDIC) and National Credit Union Share Insurance Fund (NCUSIF) insure accounts up to \$250,000 at each institution. As of September 30, 2010, there was \$1,480,069 of uninsured deposits; however, the Council secures these amounts in excess of the FDIC/NCUSIF limits through pooled securities. These securities are mainly invested in state municipal bonds and Federal National Mortgage Association notes. As of September 30, 2010, the securities were in excess of 110% of the excess deposits.

3. GRANTS RECEIVABLE

The grants receivable balance represents amounts due from various funding sources as follows:

Federal programs	\$5,219,954
State and local programs	<u>979,183</u>
Total	<u>\$6,199,137</u>

4. FEDERAL EMERGENCY MANAGEMENT AGENCY

The Council received funds from FEMA, through various local agencies, plus direct funding from the national board. The funds were used for emergency food and shelter payments in accordance with the applicable contract.

5. ENERGY ASSISTANCE PROGRAM

The Council has not subgranted any Energy Assistance Program funds.

6. FIXED ASSETS

A summary of property and equipment is as follows:

Building and improvements	\$ 435,327
Vehicles and equipment	<u>848,170</u>
	1,283,497
Accumulated depreciation	<u>(862,601)</u>
Property and equipment, net	<u>\$ 420,896</u>

Depreciation expense for the year ended September 30, 2010 was \$103,729.

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

**NOTES TO FINANCIAL STATEMENTS
As of September 30, 2010**

7. COMMITMENTS AND CONTINGENCIES

The Council participates in a number of federally assisted and state grant programs. These programs are subject to program compliance audits by the grantors and their representatives. Any disallowed costs may constitute a liability of the Council. The Council is also required to match 20% of the grant funds from the Head Start program with local resources. The Council believes that it is in substantial compliance with all the grant requirements, including those related to matching and disallowed costs, if any, would not be significant.

8. DEFERRED CONTRIBUTION RETIREMENT PLAN

The Council has a deferred contribution/employer contribution retirement plan.

All employees become eligible to participate on the first day of employment. Eligibility for Council contributions occurs after the April 15 or October 15 entry date immediately following completion of one year of service. One year of service is defined as a 12-month period in which an employee has worked at least 1,000 hours. The plan provides for 100% vesting of all contributions at all times.

Deferral contributions may not exceed the lesser of 80% of compensation or a specific dollar amount determined by the Internal Revenue Service as of each January 1. Compensation is defined as the employees' total amount of earnings reportable as W-2 earnings for Federal income tax withholding purposes. For each plan year, the Council will contribute for each participant a matching contribution equal to the discretionary amount of the participants' deferral contributions, to a maximum of 5%.

In addition to the required matching contributions, provisions of the plan allow the Council to contribute an additional amount of matching contributions determined by the Council at its discretion, with each participant's share being equal to his/her share of the total deferral contributions made by all participants. The Council is also permitted to make additional discretionary contributions, with the allocation based on the participants' proportionate share of the total compensation paid during the plan year to all participants in the Plan.

Distribution of benefits is permitted only upon: (1) separation from service, or (2) death.

Council contributions for the fiscal year ended September 30, 2010 totaled \$110,137.

SUPPLEMENTARY INFORMATION

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

SCHEDULE OF FEDERAL/STATE GRANT INFORMATION

For the Year Ended September 30, 2010

<u>FUNDING SOURCE</u>	<u>ADMINISTERING AGENCY</u>	<u>FEDERAL CFDA NUMBER</u>
U.S. Dept. of HHS	U.S. Dept. of HHS	93.600
U.S. Dept. of HHS	U.S. Dept. of HHS	93.600
U.S. Dept. of HHS	U.S. Dept. of HHS	93.708
U.S. Dept. of Agric	MN Dept. of Education	10.558
State of Minnesota	MN Dept. of Education	N/A
State of Minnesota	MN Dept. of Education	N/A
Local		N/A
Local		N/A
U.S. Dept. of HHS	MN Dept. of Commerce	93.568
U.S. Dept. of HHS	MN Dept. of Commerce	93.568
U.S. Dept. of HHS	MN Dept. of Human Services	93.569
U.S. Dept. of HHS	MN Dept. of Human Services	93.569
U.S. Dept. of HHS	MN Dept. of Human Services	93.710
State of Minnesota	MN Dept. of Human Services	N/A
U.S. Dept. of Energy	MN Dept. of Commerce	81.042
U.S. Dept. of Energy	MN Dept. of Commerce	81.042
State of Minnesota	MN Dept. of Commerce	N/A
State of Minnesota	MN Dept. of Commerce	N/A
U.S. Dept. of HHS	MN Dept. of Commerce	93.568
U.S. Dept. of HHS	MN Dept. of Commerce	93.568
State of Minnesota	MN Housing Finance Agency	N/A
State of Minnesota	MN Housing Finance Agency	N/A
Local		N/A
Local		N/A
Local		N/A
Local		N/A
Local		N/A
Local		N/A
Local		N/A
Local		N/A
Local		N/A
Local		N/A
Local		N/A
Local		N/A
Local		N/A
Local		N/A
Local		N/A
Local		N/A
Local		N/A
Local		N/A
Local		N/A
U.S. Dept. of HUD	MN Dept. of Human Services	14.231
U.S. Dept. of HUD	MN Dept. of Human Services	14.257
Local		N/A
State of Minnesota	MN Housing Finance Agency	N/A
F.E.M.A	Emergency Food & Shelter	97.024
F.E.M.A	Emergency Food & Shelter	97.024
F.E.M.A	Emergency Food & Shelter	97.114
Local		N/A

<u>GRANT NAME</u>	<u>GRANT</u>	<u>GRANT PERIOD</u>	
	<u>AGREEMENT</u>	<u>FROM</u>	<u>TO</u>
	<u>NUMBER</u>		
Head Start 'R'	05CH 4092/44	08-01-09	07-31-10
Head Start 'S'	05CH 4092/45	08-01-10	07-31-11
Head Start - ARRA	05SE 4092/01	07-01-09	09-30-10
CACFP	8-332-501-6	10-01-09	09-30-10
Head Start - State 2010	2009-00143	07-01-09	06-30-10
Head Start - State 2011	2010-00081	07-01-10	06-30-11
Parent Education Initiative '09	N/A	01-01-09	12-31-09
Parent Education Initiative '10	N/A	01-01-10	12-31-10
EAP '10	B31980	10-01-09	09-30-10
EAP '10 - ROFW	B16295	10-01-09	09-30-10
EOG '08/'09 (CSBG '08/'09)	0810077	07-01-07	06-30-10
EOG '10/'11 (CSBG '10/'11)	1010077	07-01-09	12-31-11
EOG - ARRA (CSBG - ARRA)	1010077	07-01-09	09-30-10
MN Community Action Grant '10/'11	1011077	07-01-09	06-30-11
DOE '10/'11	B29057	07-01-09	06-30-11
DOE '10/'12 - ARRA	B29132	07-01-09	06-30-12
Propane '10	B29057	07-01-09	06-30-10
Propane '11	B29057	07-01-10	06-30-11
EAP WX '10	B29057	02-25-10	06-30-10
EAP WX '10 Carryover	B29057	07-01-10	06-30-11
Deferred Loan Program XIV	N/A	09-01-07	09-30-10
Deferred Loan Program XV	N/A	10-01-09	09-30-11
Household Water Well Program	N/A	10-01-09	09-30-10
City of Braham Housing Rehab Project	N/A	06-01-10	12-31-12
Carlton County Housing Rehab Project	N/A	04-01-08	09-30-10
City of Cambridge Housing Rehab	N/A	04-01-08	09-30-10
Cloquet Revolving Loan Program II	N/A	03-01-09	10-31-11
Garrison Twp Housing Rehab Project	N/A	04-01-07	09-30-10
City of Henriette Housing Rehab	N/A	04-01-08	09-30-10
City of McGregor Housing Rehab	N/A	06-01-09	12-31-11
Pine County Housing Rehab Project	N/A	06-01-10	12-31-12
City of Princeton Neighborhood Stabil	N/A	04-01-09	12-31-10
Integrated Services	20782	01-01-08	12-31-09
ESGP '10/'11	1031077	07-01-09	06-30-11
Rapid Rehousing Program	1039077	09-30-09	09-30-11
Tax Assistance Program	N/A	01-25-10	05-15-10
FHPAP '10/'11	N/A	07-01-09	06-30-11
EFSNB '09	N/A	01-01-09	12-31-09
EFSNB '10	N/A	10-01-09	12-31-10
EFSNB - ARRA	N/A	04-01-09	12-31-09
Region 7E Adult Mental Health	N/A	01-01-08	12-31-10

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

**COMBINED STATEMENT OF FINANCIAL POSITION
As of September 30, 2010**

	Early Childhood	Energy Assistance	Admini- strative	Weather- ization
<u>ASSETS</u>				
Current Assets:				
Cash and certificates of deposit	\$ 44,974	\$ 36,634	\$ (78,975)	\$ 22,046
Accounts receivable	-	-	16,159	-
Interest receivable	-	-	-	-
Due from Minnesota Department of Employment and Economic Development	-	-	-	-
Due from Minnesota Department of Commerce	-	-	-	-
Grants receivable	2,686,359	100	289,474	2,595,624
Prepaid insurance	-	-	-	-
	2,731,333	36,734	226,658	2,617,670
Property and Equipment, net of depreciation	-	-	-	-
Total Assets	<u>\$2,731,333</u>	<u>\$ 36,734</u>	<u>\$ 226,658</u>	<u>\$2,617,670</u>
 <u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities:				
Accounts payable	\$ 40,591	\$ 5,432	\$ 25,590	\$ 104,683
Accrued payroll liabilities	95,671	26,686	6,277	90,508
Unapplied grant fund	2,595,071	4,616	194,791	2,422,479
Total Current Liabilities	<u>2,731,333</u>	<u>36,734</u>	<u>226,658</u>	<u>2,617,670</u>
Net Assets:				
Unrestricted:				
Undesignated	-	-	-	-
Designated	-	-	-	-
Facility	-	-	-	-
Total Unrestricted Net Assets	-	-	-	-
Total Liabilities and Net Assets	<u>\$2,731,333</u>	<u>\$ 36,734</u>	<u>\$ 226,658</u>	<u>\$2,617,670</u>

See accompanying notes

<u>Housing Rehab</u>	<u>Community Service</u>	<u>Other</u>	<u>GAAP Adjustments</u>	<u>Elimination</u>	<u>Total</u>
\$ (7,806)	\$ 54,609	\$1,862,349	\$ -	\$ -	\$1,933,831
21,927	-	7,565	-	(21,109)	24,542
-	-	1,565	-	-	1,565
-	-	-	-	-	-
-	-	-	-	-	-
156,221	471,359	-	-	-	6,199,137
-	-	-	48,304	-	48,304
170,342	525,968	1,871,479	48,304	(21,109)	8,207,379
-	-	157,034	263,862	-	420,896
<u>\$ 170,342</u>	<u>\$ 525,968</u>	<u>\$2,028,513</u>	<u>\$ 312,166</u>	<u>\$ (21,109)</u>	<u>\$8,628,275</u>
\$ 6,366	\$ 23,430	\$ 48,833	\$ -	\$ (21,109)	\$ 233,816
4,651	9,531	280,353	-	-	513,677
<u>159,325</u>	<u>493,007</u>	<u>154,141</u>	-	-	<u>6,023,430</u>
<u>170,342</u>	<u>525,968</u>	<u>483,327</u>	-	<u>(21,109)</u>	<u>6,770,923</u>
-	-	1,098,163	48,304	-	1,146,467
-	-	289,989	-	-	289,989
-	-	157,034	263,862	-	420,896
-	-	1,545,186	312,166	-	1,857,352
<u>\$ 170,342</u>	<u>\$ 525,968</u>	<u>\$2,028,513</u>	<u>\$ 312,166</u>	<u>\$ (21,109)</u>	<u>\$8,628,275</u>

to financial statements.

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

**COMBINED STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2010**

UNRESTRICTED NET ASSETS SUPPORT AND REVENUE	<u>Early Childhood</u>	<u>Energy Assistance</u>	<u>Admini- strative</u>	<u>Weather- ization</u>
Support:				
Grants	\$3,275,626	\$9,315,930	\$ 686,402	\$3,381,717
In-kind contributions	<u>653,876</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Support	<u>3,929,502</u>	<u>9,315,930</u>	<u>686,402</u>	<u>3,381,717</u>
Revenue:				
Interest income	104	-	-	36
Program revenue	-	68,933	-	-
Other revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>104</u>	<u>68,933</u>	<u>-</u>	<u>36</u>
Total Support and Revenue	<u>3,929,606</u>	<u>9,384,863</u>	<u>686,402</u>	<u>3,381,753</u>
<u>PROGRAM EXPENSES</u>				
Salaries and wages	1,670,036	-	147,223	-
Fringe benefits	649,617	-	47,664	-
Consultants and professional fees	2,070	-	2,534	-
Travel	31,552	-	26,474	-
Contractual services	271,274	-	-	-
Space cost and rental	29,799	-	21,611	-
Supplies	71,678	-	23,186	-
Lease/purchase of equipment	-	-	8,132	-
Other direct costs	549,704	-	409,578	-
In-kind expenditures	653,876	-	-	-
Administration	-	527,073	-	374,067
Program services	-	346,791	-	-
Primary heating	-	6,649,935	-	-
Crisis - non-repair	-	1,269,498	-	-
Conservation repair	-	591,566	-	-
Weatherization materials	-	-	-	872,475
Liability insurance	-	-	-	17,668
Program support	-	-	-	210,182
Labor	-	-	-	1,907,361
Loan funds available	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Program Expenses	<u>3,929,606</u>	<u>9,384,863</u>	<u>686,402</u>	<u>3,381,753</u>
Change in unrestricted net assets	-	-	-	-
Net Assets - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes

<u>Housing Rehab</u>	<u>Community Service</u>	<u>Other</u>	<u>GAAP Adjustments</u>	<u>Elimination</u>	<u>Total</u>
\$ 288,252	\$ 508,506	\$ 75,785	\$ -	\$ -	\$17,532,218
-	-	-	(653,876)	-	-
<u>288,252</u>	<u>508,506</u>	<u>75,785</u>	<u>(653,876)</u>	<u>-</u>	<u>17,532,218</u>
100	407	21,861	-	-	22,508
21,856	22,500	305,634	-	-	418,923
-	-	47,584	-	(47,584)	-
<u>21,956</u>	<u>22,907</u>	<u>375,079</u>	<u>-</u>	<u>(47,584)</u>	<u>441,431</u>
<u>310,208</u>	<u>531,413</u>	<u>450,864</u>	<u>(653,876)</u>	<u>(47,584)</u>	<u>17,973,649</u>
59,396	116,604	22,196	-	-	2,015,455
21,752	39,263	1,698	-	-	759,994
2,870	1,575	1,454	-	-	10,503
8,021	3,015	-	-	-	69,062
-	-	-	-	-	271,274
-	5,555	18,761	-	(18,185)	57,541
-	481	161	-	-	95,506
-	1,184	-	-	-	9,316
83,022	363,736	469,126	44,477	(29,399)	1,890,244
-	-	-	(653,876)	-	-
-	-	-	14,787	-	915,927
-	-	-	-	-	346,791
-	-	-	-	-	6,649,935
-	-	-	-	-	1,269,498
-	-	-	-	-	591,566
-	-	-	-	-	872,475
-	-	-	(3,569)	-	14,099
-	-	-	(44,025)	-	166,157
-	-	-	(19,159)	-	1,888,202
<u>135,147</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,147</u>
<u>310,208</u>	<u>531,413</u>	<u>513,396</u>	<u>(661,365)</u>	<u>(47,584)</u>	<u>18,028,692</u>
-	-	(62,532)	7,489	-	(55,043)
-	-	1,607,718	304,677	-	1,912,395
<u>\$ -</u>	<u>\$ -</u>	<u>\$1,545,186</u>	<u>\$ 312,166</u>	<u>\$ -</u>	<u>\$ 1,857,352</u>

to financial statements.

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

COMBINING STATEMENT OF FINANCIAL POSITION - EARLY CHILDHOOD

As of September 30, 2010

	Head Start 'R'	Head Start 'S'	State '10	State '11
ASSETS				
Current assets:				
Cash	\$ -	\$ (201)	\$ -	\$ 8,413
Accounts receivable	-	-	-	-
Due from Minnesota Dept. of Education	-	-	-	-
Grants receivable	-	<u>2,194,769</u>	-	<u>491,590</u>
Total Assets	\$ -	\$2,194,568	\$ -	\$500,003
 LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable	\$ -	\$ 33,285	\$ -	\$ 4,938
Accrued payroll liabilities	-	75,440	-	16,918
Unapplied grant funds	-	<u>2,085,843</u>	-	<u>478,147</u>
Total Liabilities	-	<u>2,194,568</u>	-	<u>500,003</u>
Net Assets:				
Unrestricted	-	-	-	-
Total Liabilities and Net Assets	\$ -	\$2,194,568	\$ -	\$500,003

<u>Head Start - ARRA</u>	<u>Parent Ed Initiative '09</u>	<u>Parent Ed Initiative '10</u>	<u>Total</u>
\$ 881	\$ -	\$ 35,881	\$ 44,974
-	-	-	-
-	-	-	-
-	-	-	2,686,359
<u>\$ 881</u>	<u>\$ -</u>	<u>\$ 35,881</u>	<u>\$2,731,333</u>

\$ -	\$ -	\$ 2,368	\$ 40,591
881	-	2,432	95,671
-	-	31,081	2,595,071
<u>881</u>	<u>-</u>	<u>35,881</u>	<u>2,731,333</u>
-	-	-	-
<u>\$ 881</u>	<u>\$ -</u>	<u>\$ 35,881</u>	<u>\$2,731,333</u>

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

COMBINING STATEMENT OF FINANCIAL POSITION - ENERGY ASSISTANCE

As of September 30, 2010

ASSETS	<u>EAP '10</u>	<u>EAP '10 ROFW</u>	<u>Total</u>
Current Assets:			
Cash	\$ 32,018	\$ 4,616	\$ 36,634
Accounts receivable	-	-	-
Due from Minnesota Department of Commerce	-	-	-
Grants receivable	<u>100</u>	<u>-</u>	<u>100</u>
Total Assets	<u>\$ 32,118</u>	<u>\$ 4,616</u>	<u>\$ 36,734</u>
 LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts payable	\$ 5,432	\$ -	\$ 5,432
Accrued payroll liabilities	26,686	-	26,686
Unapplied grant funds	<u>-</u>	<u>4,616</u>	<u>4,616</u>
Total Liabilities	<u>32,118</u>	<u>4,616</u>	<u>36,734</u>
Net Assets:			
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 32,118</u>	<u>\$ 4,616</u>	<u>\$ 36,734</u>

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

COMBINING STATEMENT OF FINANCIAL POSITION - ADMINISTRATIVE

As of September 30, 2010

	<u>EOG-CSBG</u> <u>'08/'09</u>	<u>EOG-CSBG</u> <u>'10/'11</u>	<u>EOG-CSBG</u> <u>ARRA</u>	<u>MN CAG</u> <u>'10/'11</u>	<u>Total</u>
ASSETS					
Current Assets:					
Cash	\$ -	\$ (5,439)	\$ (50,960)	\$ (22,576)	\$ (78,975)
Accounts receivable	-	-	-	16,159	16,159
Due from Minnesota Dept of Human Services	-	-	-	-	-
Grants receivable	-	<u>162,937</u>	<u>58,216</u>	<u>68,321</u>	<u>289,474</u>
Total Assets	\$ -	\$ <u>157,498</u>	\$ <u>7,256</u>	\$ <u>61,904</u>	\$ <u>226,658</u>
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Accounts payable	\$ -	\$ -	\$ 6,603	\$ 18,987	\$ 25,590
Accrued payroll liabilities	-	489	653	5,135	6,277
Unapplied grant funds	-	<u>157,009</u>	-	<u>37,782</u>	<u>194,791</u>
Total Liabilities	-	<u>157,498</u>	<u>7,256</u>	<u>61,904</u>	<u>226,658</u>
Net Assets:					
Unrestricted	-	-	-	-	-
Total Liabilities and Fund Balance	\$ -	\$ <u>157,498</u>	\$ <u>7,256</u>	\$ <u>61,904</u>	\$ <u>226,658</u>

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

COMBINING STATEMENT OF FINANCIAL POSITION - WEATHERIZATION

As of September 30, 2010

	<u>DOE '10</u>	<u>EAP WX CO '10</u>	<u>DOE WX '10-ARRA</u>	<u>Propane '10</u>
ASSETS				
Current Assets:				
Cash	\$ (212)	\$ -	\$ 22,257	\$ -
Accounts receivable	-	-	-	-
Due from Minnesota Department of Commerce	-	-	-	-
Grants receivable	<u>290,829</u>	<u>339,066</u>	<u>1,965,178</u>	<u>-</u>
Total Assets	<u>\$ 290,617</u>	<u>\$ 339,066</u>	<u>\$ 1,987,435</u>	<u>\$ -</u>
 LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable	\$ 1,007	\$ -	\$ 103,664	\$ -
Accrued payroll liabilities	1,346	-	89,047	-
Unapplied grant funds	<u>288,264</u>	<u>339,066</u>	<u>1,794,724</u>	<u>-</u>
Total Liabilities	<u>290,617</u>	<u>339,066</u>	<u>1,987,435</u>	<u>-</u>
Net Assets:				
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 290,617</u>	<u>\$ 339,066</u>	<u>\$ 1,987,435</u>	<u>\$ -</u>

<u>Propane</u> <u>'11</u>	<u>Total</u>
\$ 1	\$ 22,046
-	-
-	-
<u>551</u>	<u>2,595,624</u>
<u>\$ 552</u>	<u>\$2,617,670</u>

\$ 12	\$ 104,683
115	90,508
<u>425</u>	<u>2,422,479</u>
<u>552</u>	<u>2,617,670</u>
-	-
<u>\$ 552</u>	<u>\$2,617,670</u>

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

COMBINING STATEMENT OF FINANCIAL POSITION - HOUSING REHAB

As of September 30, 2010

	<u>Deferred Loan Prog XIV</u>	<u>City of Princeton NSP</u>	<u>Garrison Twp Rehab</u>	<u>City of McGregor Rehab</u>	<u>Carlton County Rehab</u>
ASSETS					
Current Assets:					
Cash	\$ 4,930	\$ (3,614)	\$ (1,770)	\$ (3,802)	\$ -
Accounts receivable	-	-	-	-	-
Grants receivable	-	16,033	2,234	42,803	-
Total Assets	<u>\$ 4,930</u>	<u>\$ 12,419</u>	<u>\$ 464</u>	<u>\$ 39,001</u>	<u>\$ -</u>
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Accounts payable	\$ 4,930	\$ 189	\$ 24	\$ 111	\$ -
Accrued payroll liabilities	-	1,293	440	1,153	-
Unapplied grant funds	-	10,937	-	37,737	-
Total Liabilities	<u>4,930</u>	<u>12,419</u>	<u>464</u>	<u>39,001</u>	<u>-</u>
Net Assets:					
Unrestricted	-	-	-	-	-
Total Liabilities and Net Assets	<u>\$ 4,930</u>	<u>\$ 12,419</u>	<u>\$ 464</u>	<u>\$ 39,001</u>	<u>\$ -</u>

<u>Cloquet Revolve Loan II</u>	<u>City of Braham Rehab</u>	<u>City of Henriette Rehab</u>	<u>City of Cambridge Rehab</u>	<u>Pine County Rehab</u>	<u>Deferred Loan Prog XV</u>	<u>Total</u>
\$ (2,002)	\$ (262)	\$ (18,298)	\$ (6,739)	\$ (2,571)	\$ 26,322	\$ (7,806)
-	-	14,450	6,929	-	548	21,927
<u>2,303</u>	<u>20,000</u>	<u>3,848</u>	<u>-</u>	<u>69,000</u>	<u>-</u>	<u>156,221</u>
<u>\$ 301</u>	<u>\$ 19,738</u>	<u>\$ -</u>	<u>\$ 190</u>	<u>\$ 66,429</u>	<u>\$ 26,870</u>	<u>\$ 170,342</u>

\$ 43	\$ 1	\$ -	\$ -	\$ 37	\$ 1,031	\$ 6,366
258	-	-	190	708	609	4,651
<u>-</u>	<u>19,737</u>	<u>-</u>	<u>-</u>	<u>65,684</u>	<u>25,230</u>	<u>159,325</u>
<u>301</u>	<u>19,738</u>	<u>-</u>	<u>190</u>	<u>66,429</u>	<u>26,870</u>	<u>170,342</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 301</u>	<u>\$ 19,738</u>	<u>\$ -</u>	<u>\$ 190</u>	<u>\$ 66,429</u>	<u>\$ 26,870</u>	<u>\$ 170,342</u>

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

COMBINING STATEMENT OF FINANCIAL POSITION - COMMUNITY SERVICE

As of September 30, 2010

	<u>ESGP</u> <u>10/11</u>	<u>Integrated</u> <u>Services</u>	<u>Tax</u> <u>Assist</u>
ASSETS			
Current Assets:			
Cash	\$ (151)	\$ -	\$ -
Accounts receivable	-	-	-
Due from MN Department Of Human Services	-	-	-
Grants receivable	<u>16,595</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 16,444</u>	<u>\$ -</u>	<u>\$ -</u>
 LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll liabilities	131	-	-
Unapplied grant funds	<u>16,313</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>16,444</u>	<u>-</u>	<u>-</u>
Net Assets:			
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 16,444</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Family Homeless Prev 10/11</u>	<u>Homeless Prev Rapid Rehouse ARRA</u>	<u>Total</u>
\$ 64,573	\$ (9,813)	\$ 54,609
-	-	-
<u>262,500</u>	<u>192,264</u>	<u>471,359</u>
<u>\$ 327,073</u>	<u>\$ 182,451</u>	<u>\$ 525,968</u>

\$ 10,158	\$ 13,272	\$ 23,430
6,675	2,725	9,531
<u>310,240</u>	<u>166,454</u>	<u>493,007</u>
<u>327,073</u>	<u>182,451</u>	<u>525,968</u>
-	-	-
<u>\$ 327,073</u>	<u>\$ 182,451</u>	<u>\$ 525,968</u>

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

COMBINING STATEMENT OF FINANCIAL POSITION - OTHER

As of September 30, 2010

	<u>Special Programs</u>	<u>Payroll Services</u>	<u>Region 7E Adult MH</u>	<u>Total</u>
ASSETS				
Current Assets:				
Cash	\$1,457,708	\$278,073	\$ 126,568	\$1,862,349
Accounts receivable	7,565	-	-	7,565
Interest receivable	1,565	-	-	1,565
Due from MN Department Of Human Services	-	-	-	-
Grants receivable	-	-	-	-
Total Current Assets	1,466,838	278,073	126,568	1,871,479
Facility, net of depreciation	<u>157,034</u>	<u>-</u>	<u>-</u>	<u>157,034</u>
Total Assets	<u>\$1,623,872</u>	<u>\$278,073</u>	<u>\$ 126,568</u>	<u>\$2,028,513</u>
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable	\$ 48,614	\$ -	\$ 219	\$ 48,833
Accrued payroll liabilities	2,050	278,073	230	280,353
Unapplied grant funds	<u>28,022</u>	<u>-</u>	<u>126,119</u>	<u>154,141</u>
Total Liabilities	<u>78,686</u>	<u>278,073</u>	<u>126,568</u>	<u>483,327</u>
Net Assets:				
Unrestricted:				
Undesignated	1,098,163	-	-	1,098,163
Designated	289,989	-	-	289,989
Facility	<u>157,034</u>	<u>-</u>	<u>-</u>	<u>157,034</u>
Total Unrestricted Net Assets	<u>1,545,186</u>	<u>-</u>	<u>-</u>	<u>1,545,186</u>
Total Liabilities and Net Assets	<u>\$1,623,872</u>	<u>\$278,073</u>	<u>\$ 126,568</u>	<u>\$2,028,513</u>

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

COMBINING STATEMENT OF ACTIVITIES - EARLY CHILDHOOD

For the Year Ended September 30, 2010

	<u>Head Start 'R'</u>	<u>Head Start 'S'</u>	<u>State '10</u>	<u>State '11</u>
SUPPORT AND REVENUE				
Support:				
Grants	\$2,054,640	\$ 395,486	\$507,741	\$133,539
In-kind contributions	<u>609,599</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Support	<u>2,664,239</u>	<u>395,486</u>	<u>507,741</u>	<u>133,539</u>
Revenue:				
Interest income	-	19	49	36
Program revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>-</u>	<u>19</u>	<u>49</u>	<u>36</u>
Total Support and Revenue	<u>2,664,239</u>	<u>395,505</u>	<u>507,790</u>	<u>133,575</u>
PROGRAM EXPENSES				
Salaries and wages	1,052,100	180,708	274,895	65,800
Fringe benefits	381,395	97,624	102,348	29,106
Consultants and professional fees	-	-	1,160	382
Travel	26,539	2,028	2,478	507
Contractual services	226,201	43,960	957	156
Space cost and rental	-	-	20,970	7,049
Supplies	42,862	8,792	15,164	1,373
Lease and purchase of equipment	-	-	-	-
Other direct costs	325,543	62,393	89,818	29,202
In-kind Expenses	<u>609,599</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Program Expenses	<u>2,664,239</u>	<u>395,505</u>	<u>507,790</u>	<u>133,575</u>
Change in net assets	-	-	-	-
Net Assets - October 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets - September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Head Start - ARRA</u>	<u>Parent Ed Initiation '09</u>	<u>Parent Ed Initiative '10</u>	<u>Total</u>
\$ 116,394	\$ 23,907	\$ 43,919	\$3,275,626
<u>44,277</u>	<u>-</u>	<u>-</u>	<u>653,876</u>
<u>160,671</u>	<u>23,907</u>	<u>43,919</u>	<u>3,929,502</u>
-	-	-	104
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	104
<u>160,671</u>	<u>23,907</u>	<u>43,919</u>	<u>3,929,606</u>
59,919	13,729	22,885	1,670,036
25,053	4,530	9,561	649,617
-	-	528	2,070
-	-	-	31,552
-	-	-	271,274
-	535	1,245	29,799
1,432	1,460	595	71,678
-	-	-	-
29,990	3,653	9,105	549,704
<u>44,277</u>	<u>-</u>	<u>-</u>	<u>653,876</u>
<u>160,671</u>	<u>23,907</u>	<u>43,919</u>	<u>3,929,606</u>
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

COMBINING STATEMENT OF ACTIVITIES - ENERGY ASSISTANCE

For the Year Ended September 30, 2010

	<u>EAP '10</u>	<u>EAP '10 ROFW</u>	<u>Total</u>
SUPPORT AND REVENUE			
Support:			
Grants	\$ 9,185,428	\$ 130,502	\$ 9,315,930
Revenue:			
Interest income	-	-	-
Program income	-	68,933	68,933
Total Revenue	<u>-</u>	<u>68,933</u>	<u>68,933</u>
Total Support and Revenue	<u>9,185,428</u>	<u>199,435</u>	<u>9,384,863</u>
 PROGRAM EXPENSES			
Administration	527,073	-	527,073
Program services	346,791	-	346,791
Primary heating	6,450,500	199,435	6,649,935
Crisis - non-repair	1,269,498	-	1,269,498
Conservation repair	591,566	-	591,566
Total Program Expenses	<u>9,185,428</u>	<u>199,435</u>	<u>9,384,863</u>
 Change in net assets	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets - October 1	<u>-</u>	<u>-</u>	<u>-</u>
 Net Assets - September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

COMBINING STATEMENT OF ACTIVITIES - ADMINISTRATIVE

For the Year Ended September 30, 2010

	<u>EOG-CSBG</u> <u>'08/'09</u>	<u>EOG-CSBG</u> <u>'10/'11</u>	<u>EOG-CSBG</u> <u>ARRA</u>	<u>MN CAG</u> <u>'10/'11</u>	<u>Total</u>
SUPPORT AND REVENUE					
Support:					
Grants	\$ 52,190	\$112,209	\$418,211	\$103,792	\$ 686,402
Revenue:					
Interest income	-	-	-	-	-
Total Support and Revenue	<u>52,190</u>	<u>112,209</u>	<u>418,211</u>	<u>103,792</u>	<u>686,402</u>
 PROGRAM EXPENSES					
Salaries and wages	14,293	34,912	65,828	32,190	147,223
Fringe benefits	3,639	10,980	22,734	10,311	47,664
Consultants and professional fees	-	1,023	1,153	358	2,534
Travel	5,500	7,721	3,383	9,870	26,474
Space cost and rental	2,871	9,599	3,943	5,198	21,611
Supplies	7,215	3,826	6,272	5,873	23,186
Lease and purchase of equipment	-	-	7,244	888	8,132
Other direct costs	<u>18,672</u>	<u>44,148</u>	<u>307,654</u>	<u>39,104</u>	<u>409,578</u>
Total Program Expenses	<u>52,190</u>	<u>112,209</u>	<u>418,211</u>	<u>103,792</u>	<u>686,402</u>
Change in net assets	-	-	-	-	-
Net Assets - October 1	-	-	-	-	-
Net Assets - September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

COMBINING STATEMENT OF ACTIVITIES - WEATHERIZATION

For the Year Ended September 30, 2010

	<u>DOE '09</u>	<u>EAP WX CO '10</u>	<u>DOE WX '08-ARRA</u>	<u>Propane '09</u>
SUPPORT AND REVENUE				
Support:				
Grants	\$ 98,598	\$ -	\$3,264,434	\$ 409
Revenue:				
Interest income	-	-	36	-
Program revenue	-	-	-	-
Total Revenue	-	-	36	-
Total Support and Revenue	98,598	-	3,264,470	409
PROGRAM EXPENSES				
Administration	50,935	-	321,745	409
Weatherization materials	15,180	-	852,159	-
Liability insurance	4,500	-	13,168	-
Program support:				
Tools and equipment	(2)	-	97,553	-
Conservation repair/return	-	-	-	-
Vehicles	-	-	-	-
Client education	-	-	-	-
Transportation	1,399	-	111,232	-
Paid labor:				
Contracted labor	-	-	479,591	-
On-site supervisor salary	3,414	-	545,480	-
Work crew salary	23,172	-	843,542	-
Total Program Expenses	98,598	-	3,264,470	409
Change in net assets	-	-	-	-
Net Assets - October 1	-	-	-	-
Net Assets - September 30	\$ -	\$ -	\$ -	\$ -

The following items are combined on the Combined Statement of Activities:

(1) Program support	\$ 210,182
(2) Labor	\$1,907,361

<u>Propane</u> <u>'11</u>	<u>Total</u>
\$ <u>18,276</u>	\$ <u>3,381,717</u>
-	36
<u>-</u>	<u>-</u>
-	36
<u>18,276</u>	<u>3,381,753</u>
978	374,067
5,136	872,475
-	17,668
-	97,551 (1)
-	- (1)
-	- (1)
-	- (1)
-	112,631 (1)
-	479,591 (2)
12,162	561,056 (2)
<u>-</u>	<u>866,714 (2)</u>
<u>18,276</u>	<u>3,381,753</u>
-	-
<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>

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

COMBINING STATEMENT OF ACTIVITIES - HOUSING REHAB

For the Year Ended September 30, 2010

	<u>Deferred Loan Prog XIV</u>	<u>City of Princeton NSP</u>	<u>Garrison Twp Rehab</u>	<u>City of McGregor Rehab</u>	<u>Carlton County Rehab</u>
SUPPORT AND REVENUES					
Support:					
Grants	\$ <u>108,582</u>	\$ <u>20,673</u>	\$ <u>11,168</u>	\$ <u>35,386</u>	\$ <u>11,357</u>
Revenue:					
Interest income	43	-	-	-	-
Administrative revenue	<u>-</u>	<u>19,016</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>43</u>	<u>19,016</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>108,625</u>	<u>39,689</u>	<u>11,168</u>	<u>35,386</u>	<u>11,357</u>
PROGRAM EXPENSES					
Salaries and wages	2,471	20,289	2,957	16,881	1,226
Fringe benefits	1,093	7,693	1,024	5,942	384
Consultants and professional fees	28	291	219	243	205
Travel	1,031	1,826	108	1,390	199
Other direct costs	14,245	9,590	6,860	10,930	9,343
Loan funds available	<u>89,757</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Program Expenses	<u>108,625</u>	<u>39,689</u>	<u>11,168</u>	<u>35,386</u>	<u>11,357</u>
Change in net assets	-	-	-	-	-
Net Assets - October 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets - Sept 30	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

<u>Cloquet Revolve Loan II</u>	<u>City of Braham Rehab</u>	<u>City of Henriette Rehab</u>	<u>City of Cambridge Rehab</u>	<u>Pine County Rehab</u>	<u>Deferred Loan Prog XV</u>	<u>Total</u>
\$ 7,213	\$ 262	\$ 2,209	\$ 14,290	\$ 3,316	\$ 73,796	\$ 288,252
-	-	-	-	-	57	100
<u>2,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,856</u>
<u>2,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57</u>	<u>21,956</u>
<u>10,053</u>	<u>262</u>	<u>2,209</u>	<u>14,290</u>	<u>3,316</u>	<u>73,853</u>	<u>310,208</u>
2,131	-	925	3,310	881	8,325	59,396
700	-	286	1,175	295	3,160	21,752
207	-	179	231	193	1,074	2,870
219	-	31	185	23	3,009	8,021
6,796	262	788	9,389	1,924	12,895	83,022
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,390</u>	<u>135,147</u>
<u>10,053</u>	<u>262</u>	<u>2,209</u>	<u>14,290</u>	<u>3,316</u>	<u>73,853</u>	<u>310,208</u>
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

COMBINING STATEMENT OF ACTIVITIES - COMMUNITY SERVICE

For the Year Ended September 30, 2010

SUPPORT AND REVENUE	ESGP 10/11	Integrated Services	Tax Assist
Support:			
Grants	\$ <u>11,127</u>	\$ <u>7,771</u>	\$ <u>2,500</u>
Revenue:			
Interest income	-	-	-
Program revenue	-	-	-
Total Revenue	<u>-</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>11,127</u>	<u>7,771</u>	<u>2,500</u>
 PROGRAM EXPENSES			
Salaries and wages	5,204	5,706	1,716
Fringe benefits	1,715	1,258	612
Travel	-	596	-
Supplies	-	14	-
Lease/purchase equipment	-	-	-
Rent and utilities	-	123	-
Other	4,208	74	172
Audit	-	-	-
Total Program Expenses	<u>11,127</u>	<u>7,771</u>	<u>2,500</u>
Change in net assets	-	-	-
Net Assets-October 1	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets-September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Family Homeless Prev 10/11</u>	<u>Homeless Prev Rapid Rehouse ARRA</u>	<u>Total</u>
\$ <u>303,562</u>	\$ <u>183,546</u>	\$ <u>508,506</u>
407	-	407
<u>-</u>	<u>22,500</u>	<u>22,500</u>
<u>407</u>	<u>22,500</u>	<u>22,907</u>
<u>303,969</u>	<u>206,046</u>	<u>531,413</u>
69,116	34,862	116,604
24,214	11,464	39,263
1,459	960	3,015
467	-	481
-	1,184	1,184
5,432	-	5,555
202,428	156,854	363,736
<u>853</u>	<u>722</u>	<u>1,575</u>
<u>303,969</u>	<u>206,046</u>	<u>531,413</u>
-	-	-
-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

COMBINING STATEMENT OF ACTIVITIES - OTHER

For the Year Ended September 30, 2010

SUPPORT AND REVENUE	Special Programs	Payroll Services	Region 7E Adult MH	Total
Support:				
Grants	\$ 59,947	\$ -	\$15,838	\$ 75,785
Revenue:				
Interest income	21,752	-	109	21,861
Program revenue	305,634	-	-	305,634
Copier/mimeo reimburse	29,399	-	-	29,399 a
Other	18,185	-	-	18,185 a
Total Revenue	<u>374,970</u>	<u>-</u>	<u>109</u>	<u>375,079</u>
Total Support and Revenue	<u>434,917</u>	<u>-</u>	<u>15,947</u>	<u>450,864</u>
 PROGRAM EXPENSES				
Salaries and wages	22,196	-	-	22,196
Fringe benefits	1,698	-	-	1,698
Travel	-	-	-	-
Supplies	-	-	161	161
Emergency services	44,904	-	-	44,904 c
Energy related assist	373,022	-	-	373,022 c
Depreciation	18,185	-	-	18,185 b
Lease/purchase equipment	-	-	-	-
Copy costs	8,775	-	-	8,775 c
Rent and utilities	-	-	576	576 b
Other	27,432	-	14,993	42,425 c
Audit	1,237	-	217	1,454
Total Program Expenses	<u>497,449</u>	<u>-</u>	<u>15,947</u>	<u>513,396</u>
Change in net assets	(62,532)	-	-	(62,532)
Net Assets-October 1	<u>1,607,718</u>	<u>-</u>	<u>-</u>	<u>1,607,718</u>
Net Assets-September 30	<u>\$1,545,186</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,545,186</u>

The following items are combined on the Combined Statement of Activities:

a Other revenue	\$ 47,584
b Space cost and rental	\$ 18,761
c Other direct costs	\$ 469,126

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

**SCHEDULE OF SUPPORT, REVENUES, EXPENSES AND CHANGES IN NET ASSETS
HEAD START GRANTS - FEDERAL**

For the Year Ended September 30, 2010

	Grant # 05CH-4092/44			Grant #	Single
	Total	8-1-09 to	10-1-09 to	05CH-4092/45	Audit
	8-1-09 to	(Previously	(Included in	For Period	Total
	7-31-10	Reported)	This Audit)	8-1-10 to	10-1-09 to
				9-30-10	9-30-10
SUPPORT AND REVENUE					
Federal funds awarded	\$2,438,396	\$ 383,756	\$2,054,640	\$ 395,486	\$2,450,126
Grantee's in-kind contributions	609,599	-	609,599	-	609,599
Interest	-	-	-	19	19
Total Support and Revenue	<u>3,047,995</u>	<u>383,756</u>	<u>2,664,239</u>	<u>395,505</u>	<u>3,059,744</u>
EXPENSES					
Federal Share (direct costs)					
Head Start Full Year					
Part Day (PA22)					
Salaries and wages	1,226,694	174,594	1,052,100	180,708	1,232,808
Fringe benefits	468,633	87,239	381,394	97,624	479,018
Travel	12,762	1,480	11,282	804	12,086
Contractual services	269,603	43,402	226,201	43,960	270,161
Supplies	54,718	11,855	42,863	8,792	51,655
Lease and purchase of equipment	-	-	-	-	-
Other direct costs	376,385	63,408	312,977	60,094	373,071
Total FYPD Direct Costs	2,408,795	381,978	2,026,817	391,982	2,418,799
Training and Technical Assistance (PA20)	29,601	1,778	27,823	3,523	31,346
Total Federal Expenses	2,438,396	383,756	2,054,640	395,505	2,450,145
Grantee's Share:					
In-kind expenses	609,599	-	609,599	-	609,599
Total Expenses	<u>3,047,995</u>	<u>383,756</u>	<u>2,664,239</u>	<u>395,505</u>	<u>3,059,744</u>
Change in net assets	-	-	-	-	-
Net Assets - October 1	-	-	-	-	-
Net Assets - September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Totals for Grant Number 05CH-4092/44 agree with the final SF-269, Financial Status Report, filed by the grantee on October 25, 2010.

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.
MORA, MINNESOTA

ACYF/OHDS, Region V
Federal Grant # 05CH-4092/44
Grant Period 8-1-09 to 7-31-10

Agreement # 8-332-501-6 effective 10-1-09
With
MN Department of Education
Child Care Food Program CFDA #10.558
(Regulations TCFR, Part 226)

Federal Funds (U.S. Department of Agriculture)

The following funds were received by Lakes and Pines for the above program during their program year ended July 31, 2010:

10-30-09 receipt	\$ 2,729.34
12-01-09 "	2,583.06
12-30-09 "	3,517.11
1-29-10 "	2,990.58
2-26-10 "	3,254.59
3-30-10 "	2,826.67
4-15-10 "	749.91
4-30-10 "	3,353.29
5-14-10 "	3,747.01
5-28-10 "	52.02
6-18-10 "	3,710.96
7-15-10 "	3,252.10
8-13-10 "	2,691.07
9-15-10 "	<u>2,012.70</u>
Total receipts	<u>\$37,470.41</u>

The funds were deposited with Peoples National Bank of Mora, MN and credited to Account #7610, Beneficiary Food, Children.

Expenses were tested for proper distribution, internal accounting and administrative control, grant internal control and compliance with laws and regulations.

Funds were included in the Head Start budget.

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

**HEAD START PROGRAM GRANT NUMBER 05CH-4092/44
BACKGROUND INFORMATION**

For the Year Ended July 31, 2010

The Head Start Program operated by Lakes and Pines Community Action Council, Inc. of Mora, Minnesota services an area consisting of seven counties: Aitkin, Carlton, Chisago, Isanti, Kanabec, Mille Lacs and Pine.

General administrative headquarters are located at Mora, Minnesota with actual socialization/Family Child Care (FCC)/Child Care Partnership operations being conducted at thirty-four (34) Head Start sites in the following cities: Aitkin (2), Barnum (2), Braham, Cambridge, Chisago City, Cloquet (2), Finlayson, Hill City, Hinckley, Isanti, Isle, McGregor, Milaca (2), Moose Lake (2), Mora, North Branch (2), Ogilvie, Palisade, Pine City (3), Princeton (3), Rush City, Sandstone, Stanchfield and Willow River.

During the 2009-2010 year, 556 children and 502 families were enrolled in the program. Nearly 46% of the children were four years of age or older and entered kindergarten in the fall of 2010. Of those enrolled in the Program, 76% of the children were up-to-date on a schedule of preventative and primary health care, and 81% received a dental examination along with the necessary follow-up care.

FEDERAL FINANCIAL INFORMATION

Hugh Heinecke, CPA
Certified Public Accountants

**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***

**The Board of Directors
Lakes and Pines Community Action Council, Inc.
Mora, Minnesota 55051**

We have audited the financial statements of Lakes and Pines Community Action Council, Inc., (a nonprofit organization) as of and for the year ended September 30, 2010 and have issued our report thereon dated January 20, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Hugh Heinecke, CPA

January 20, 2011

Hugh Heinecke, CPA
Certified Public Accountants

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

**The Board of Directors
Lakes and Pines Community Action Council, Inc.
Mora, Minnesota 55051**

Compliance

We have audited the compliance of Lakes and Pines Community Action Council, Inc. (a nonprofit organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended September 30, 2010. The Council's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United State 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. Our audit does not provide a legal determination on the Council's compliance with those requirements.

In our opinion, the Council complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended September 30, 2010.

Internal Control Over Compliance

The management of the Council is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered the Council's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 significant deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

Hugh Heinecke, CPA

January 20, 2011

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2010**

<u>Federal Funding Source/ Pass-through Entity Grant Name</u>	<u>Federal CFDA Number</u>	<u>Grant Agreement Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture:			
Pass-through from Department of Education:			
Child Care Food Program	10.558	8-332-501-6	\$ <u>37,470</u>
U.S. Department of Housing and Urban Development:			
Emergency Shelter Grant Program '10/'11	14.231	1031077	11,127
ARRA - Homeless Prevention and Rapid Rehousing Program	14.257	1039077	<u>183,546*</u>
Total Department of Housing and Urban Development:			<u>194,673</u>
U.S. Department of Energy:			
Pass-through from Department of Commerce:			
DOE '10/'11 Weatherization	81.042	B29057	98,598*
ARRA-DOE 10/12 Weatherization	81.042	B29132	<u>3,264,434*</u>
Total Department of Energy:			<u>3,363,032</u>
U.S. Department of Health and Human Services:			
Head Start 'R'	93.600	05CH 4092/44	2,054,640*
Head Start 'S'	93.600	05CH 4092/45	395,486*
ARRA - Head Start	93.708	05SE 4092/01	116,394*
Pass-through from Department of Commerce:			
EAP ROFW '10	93.568	B16295	130,502
EAP '10 Low-Income Home Energy Assistance	93.568	B312980	9,185,428
Pass-through from Department of Human Services:			
EOG '08/09 (CSBG '08/09)	93.569	0810077	52,190*
EOG '10/11 (CSBG '10/11)	93.569	1010077	112,209*
ARRA - EOG (CSBG)	93.710	1010077	<u>418,211*</u>
Total Department of Health and Human Services			<u>12,465,060</u>
TOTAL FEDERAL ASSISTANCE			<u>\$16,060,235</u>

* Denotes Major Program

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.
MORA, MINNESOTA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2010

A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lakes and Pines Community Action Council, Mora, Minnesota and is presented on the cash 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 Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.
MORA, MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2010

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Council.
2. No significant deficiencies in internal control were disclosed during the audit of the financial statements.
3. The audit disclosed no instances of noncompliance which were material to Council's financial statements.
4. No significant deficiencies in internal control over the major programs were disclosed during the audit.
5. The auditors' report on compliance for the major federal award program for the Council expresses an unqualified opinion.
6. There were no audit findings relative to major federal award programs for the Council.
7. The programs tested as major programs were: ARRA-Homeless Prevention and Rapid Rehousing Program (CFDA #14.257), Weatherization (CFDA #81.042), ARRA-Weatherization (CFDA #81.042), Head Start (CFDA #93.600), ARRA-Head Start (CFDA #93.708), EOG (CFDA #93.569) and ARRA-EOG (CFDA #93.710).
8. The threshold for distinguishing Types A and B programs was \$481,807.
9. The Council was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

There were no significant deficiencies in internal control disclosed during the financial statements audit for the Council.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

There were no findings or questioned costs disclosed during the major federal award program audit of the Council.

LAKES AND PINES COMMUNITY ACTION COUNCIL, INC.
MORA, MINNESOTA

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
RELATIVE TO FEDERAL AWARDS**
For the Year Ended September 30, 2010

Cognizant or Oversight Agency: U.S. Department of Health and Human
Services

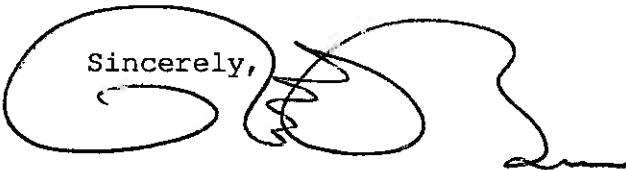
The Council respectfully submits the following summary schedule of prior
audit findings for the year ended September 30, 2010.

Independent Public Accounting Firm: Hugh Heinecke, CPA
Certified Public Accountants
38 Minnesota Avenue South
Aitkin, Minnesota 56431

The Council had no audit findings in the prior year. Therefore, no
schedule of prior audit findings is required.

If the U.S. Department of Health and Human Services has questions regarding
this schedule, please contact Robert Benes at (320) 679-1800.

Sincerely,



Robert Benes
Executive Director